United Nations DP/2018/10

Executive Board of the United Nations Development Programme, of the United Nations Population Fund and of the United Nations Office for Project Services

Distr.: General
23 April 2018

Original: English

Annual session 2018
4 June – 8 June 2018, New York
Item 2 of the provisional agenda
Annual report of the Administrator

Report of the Administrator on results for 2017 and progress on the Strategic Plan, 2018-2021

Summary

This report provides an analysis of results achieved in 2017 along with progress on the Strategic Plan, 2018-2021. Integrated results and resources framework (IRRF) indicators and financial figures are for the four-year performance under the Strategic Plan, 2014-2017. Included as annexes are the development and institutional report cards and populated IRRF.

Contents

Chapter *Page*

I. Executive summary 2
A. Development performance by outcome 4
B. Organizational performance. 14
C. Financial performance 15
III. Progress on the Strategic Plan, 2018-2021 16

Annexes (available on the Executive Board website)

1. Development and institutional report cards
2. Integrated Results and Resources Framework (IRRF) methodology and 2017 results
3. 2017-2021 QCPR implementation
4. Strategic Plan, 2018-2021 - Theory of Change
5. Integrated Results and Resources Framework (IRRF), 2018-2021, populated with baselines, milestones and targets
6. Working Better Together: A plan for engagement and constructive dialogue with the Executive Board of UNDP/UNFPA/UNOPS

I. Executive summary

1. The Strategic Plan, 2014-2017 provided UNDP with a framework for supporting countries to shift from the Millennium Development Goals to the more ambitious Sustainable Development Goals and to respond to national priorities, including emerging challenges.

2. The evaluation of the Strategic Plan and global and regional programme, 2014-2017 (DP/2017/32) highlighted that "the organization's increasingly integrated, multifaceted approach to development challenges is well suited to, and consistent with, United Nations priorities and the needs of national partners".

3. Cumulative development performance was strong across 38 development outputs and seven outcomes for which UNDP provided support to countries. By the end of 2017, targets were met or exceeded for 20 outputs, targets for 16 outputs were missed by less than 10 per cent and for only two outputs between 80 and 90 per cent of the targets were met. The strongest results were seen under disaster prevention and risk management (outcome 5) and thought leadership (outcome 7).

4. Support for the 2030 Agenda for Sustainable Development and the Sustainable Development Goals is well underway. Key support provided through the Mainstreaming, Acceleration and Policy Support (MAPS) approach was revamped using lessons learned from the first year of MAPS missions. UNDP reoriented approaches in 2017 to make the missions a cross-agency and multi-partner initiative, which succeeded in bringing in United Nations organizations along with the World Bank, Asian Development Bank and Organisation for Economic Co-operation and Development; and rolled out new standard operating procedures that focus on critical aspects, including gender and leaving no one behind.

5. Responses to new challenges have been consolidated, including prevention of violent extremism. The evaluation of the Strategic Plan and global and regional programmes found that the latter played a strong role in supporting new approaches to development solutions and engaging countries on sensitive issues.

6. Innovation has been explicitly seeded through the global Innovation Facility, which has helped to catalyse, foster and enable innovation; 85 country offices supported 142 initiatives. The portfolio has resulted in the mobilization of new funding, with country offices reporting that for every $100 invested by the Innovation Facility an additional $80 has been mobilized in local resources, and in the development of a new range of services.[1]

7. UNDP has progressively mainstreamed gender equality and women's empowerment. Youth became the second largest target group for UNDP programming, after women, and UNDP has played a central role as thought leader, integrator and convenor in promoting young people's participation and empowerment as key to poverty reduction, structural transformation and resilience-building.

8. The organization's overall funding position remains strong with a 5 per cent increase in total contributions between 2014 and 2017, despite a challenging funding environment. However, the funding composition underpinning the Strategic Plan reflected a widening gap between regular and other resources, with implications for organizational flexibility and capacity to deliver integrated responses. The ratio between regular and other resources contributions declined from 17:83 in 2014 to 13:87 in 2017 because of the decline in regular resources contributions and the increase in contributions to other resources. Consequently, regular resources expenditures were lower than planned for all outcomes except outcome 5 (risk reduction). There was growth across all sources of other resources: programme government (16 per cent); bilateral/multilateral (4.6 per cent); and vertical funds (8.5 per cent).

9. Regular resources continued to play a vital role in leveraging other resources. For every $1 received in regular resources in 2014-2017, country offices in least developed countries and low-income countries mobilized $7 in other resources, up from $6 in 2010-2013. Offices in middle-

[1] Source: 2017 country office result-oriented annual reports.

income countries mobilized $32 for every $1 received in regular resources, a significant increase from $22 in 2010-2013.

10. UNDP became a more efficient organization, reducing its management efficiency ratio from 8.3 per cent in 2014 to 6.9 per cent in 2017. The highest provisional programme expenditure ($4.5 billion) for the Strategic Plan was achieved in 2017 due to concentrated efforts to accelerate delivery. UNDP has a stronger, more sustainable financial footing as it embarks upon the new Strategic Plan. UNDP took decisive action in 2017 to bring its institutional budget into balance in support of UNDP efforts to enhance its institutional sustainability, and as a result, closed 2017 with a small financial surplus reversing several years of recurring institutional deficits.

11. In line with the repositioning of the United Nations development system (UNDS) to deliver on the 2030 Agenda, UNDP has commenced implementation of the Strategic Plan 2018-2021 to ensure more coherent, accountable and effective support for partner countries through reinforcing national ownership; developing country-contextual responses; providing integrated responses; and ensuring effective delivery of development results on the ground.

Box 1. Highlights of UNDP support for development results, 2014-2017

- 37.3 million people (51 per cent women) benefited from improved livelihoods initiatives in 120 countries, including economic transformation, natural resource management and early recovery.[2]
- Nearly 3 million new jobs (41 per cent for women) were created in 101 countries.
- Action plans were developed in 36 countries to address unfinished work on the Millennium Development Goals and the transition to the Sustainable Development Goals.
- Measures towards low-emission and climate-resilient development were implemented in 104 countries.
- Nearly 170 million new voters were registered in 52 countries.
- Over 4.1 million people (51 per cent women) in 39 countries gained access to legal aid services.
- Some 2 million people in 22 countries received antiretroviral treatment.[3]
- More than 27 million people took part in HIV-related behavioural change communication initiatives in 24 countries.
- 1,388 disaster reduction and adaptation plans were put into place at national and subnational levels in 62 countries.
- More than 6.7 million people had improved access to energy in 55 countries.

Box 2. Independent views of UNDP

Over the period 2014-2017, independent assessments, surveys and analysis provided the following reflections on the performance of UNDP.

In its most recent assessment for multilateral effectiveness covering the period 2015-2016, the Multilateral Organization Performance Assessment Framework concluded that UNDP largely met the requirements of an effective multilateral organization and found clear evidence that UNDP is responsive to the needs and priorities of Member States.

The average percentage of partners perceiving UNDP as an effective contributor to Strategic Plan outcome areas was 3 per cent higher in 2016 than 2014.

UNDP retained its top ranking in 2014 and 2016 in the Aid Transparency Index conducted by Publish What You Find.

[2] Summarizes results across relevant indicators without double counting (see annex 2).

[3] Reported as "number of people living with HIV receiving ARV treatment as of mid-2017." This is not a cumulative figure for the 2014-2017 period.

An independent analysis conducted by AidData in 2017[4] in 126 low- and middle-income countries found that UNDP ranked first among development partners in value for money terms of which development partners "punch above or below their financial" weight in attracting users of their data or analysis. The report recognized that UNDP has become the "knowledge frontier in providing analytical and technical advice and brokering cross-sectoral partnerships" in key development areas.

The evaluation of the Strategic Plan and global and regional programmes found evidence that UNDP, inter alia:

(a) Successfully embedded multidimensional poverty approaches in national and subnational planning and applied integrated approaches to development;
(b) Is a leading United Nations provider of environmental protection support at national and local levels, and is a global leader in the provision of adaptation services;
(c) Has successfully established its niche as a trusted and reliable intermediary and neutral convener on democratic governance issues;
(d) Has carved out a vital role in governance support to countries afflicted by conflict;
(e) Plays an important role both in crisis risk reduction and recovery.

UNDP will build on these areas of strength in the period of the Strategic Plan, 2018-2021 to deliver stronger cross-cutting and integrated approaches that are customized for every country and situation as called for by the 2030 Agenda. In doing so, it will strengthen its performance in areas identified as requiring attention by the evaluation of the Strategic Plan, including delivering at scale, strengthening systematic approaches to South-South and triangular cooperation, furthering engagement with the private sector and better harnessing knowledge, solutions and expertise to improve results.

A. Development performance by outcome

12. The report cards for each outcome present cumulative output performance against: annual milestones and targets for the period 2014-2017; the number of countries supported under each output; a comparison of gender indicator performance versus overall performance; and associated gender equality expenditure (as measured by the UNDP gender marker). Green is for results equal to or higher than 100 per cent of the milestone/target, amber is for results between 60 and 100 per cent, and red is for results below 60 per cent. Most integrated results and resources framework (IRRF) indicators are cumulative,[5] indicating UNDP performance over the four-year period 2014-2017.[6]

13. While the number of outputs for which UNDP missed the annual cumulative target increased from 7 in 2015 to 16 in 2016 and to 18 in 2017, the performance gap was minimal. The freeze of 2016 milestones and 2017 targets after the midterm review of the Strategic Plan reinforced UNDP accountability for commitments made in the Strategic Plan and enabled critical analysis of reasons for underperformance.

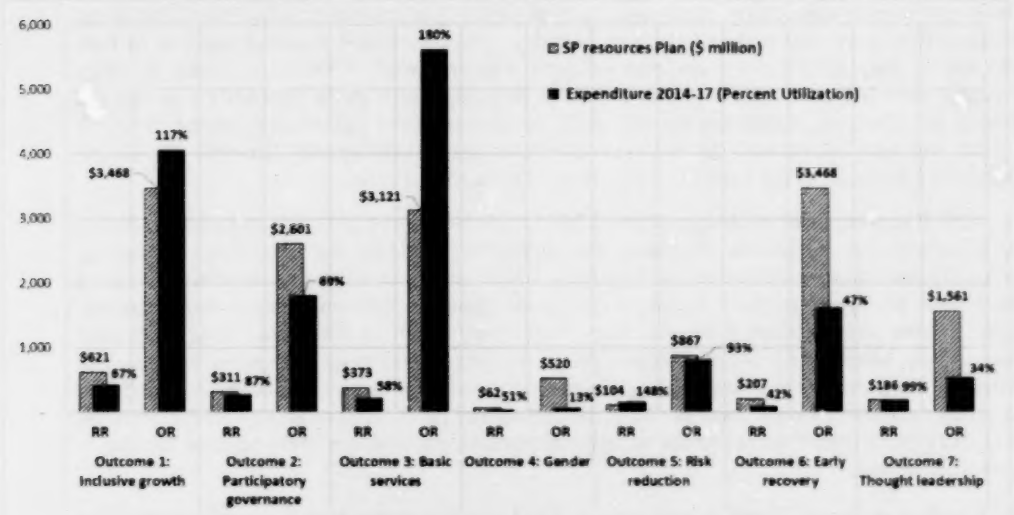
Resources and results

14. Programme expenditure for 2014-2017 reached $17.0 billion, reflecting 88 per cent utilization against the resource plan of $19.4 billion. Seventy-three per cent of programme resources were spent in three outcome areas: sustainable livelihoods (outcome 1); governance (outcome 2); and basic services (outcome 3), the area of greatest demand from programme countries (tracked by number of countries implementing projects).

[4] Masaki, T., Custer, S., Eskenazi, A., Stern, A., and Latourell, R. (2017). *Decoding data use: How do leaders use data and use it to accelerate development?* Williamsburg, VA: AidData at the College of William & Mary.
[5] For details of IRRF indicators, see annex 2.
[6] Report card performance needs to be analysed with caution as in some cases, the aggregate performance for outputs was driven by a small number of country offices with milestones significantly higher or lower than other country offices. The IRRF and financial data present performance for the Strategic Plan. 2014-2017. Examples in this section are UNDP results for 2017, unless otherwise specified.

15. Expenditure, however, varied greatly across the outcomes. Outcomes 5 (risk reduction), 7 (thought leadership) and 2 (governance) saw the highest percentages of regular resource expenditures against planned resources (148, 99 and 87 per cent respectively), while outcome 6 (early recovery) had the lowest percentage of regular resource expenditure at 42 per cent. Outcomes 3 (basic services) and 1 (inclusive growth) saw the highest percentages of other resources expenditure against projected resources and outcome 4 (gender) had the lowest expenditure in other resources, recording only 13 per cent of the planning target. The high rate of other resources expenditure under outcome 3 (180 per cent) and low rate under outcome 6 (early recovery, 47 per cent) indicate the protracted nature of crises in 2014-2017, which required longer-term interventions to stabilize and build core governance functions for basic service delivery in addition to immediate crisis responses.

Figure 1. Provisional programme expenditure against planned resources, 2014-2017
(In millions of United States dollars)



Outcome 1. Inclusive and sustainable growth and development

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved 2017 target	2017 gender performance vs. overall
		2014	2015	2016	2017			
1.1	Structural transformation of productive capacities	111%	112%	113%	132%	124	77%	Lower (129%)
1.2	Social protection	163%	111%	98%	80%	66	76%	Lower (72%)
1.3	Sustainable management of natural resources	91%	86%	89%	113%	109	73%	Lower (90%)
1.4	Climate change adaptation and mitigation	109%	104%	98%	96%	119	90%	n/a
1.5	Inclusive energy efficiency and access	114%	92%	112%	111%	84	68%	Higher (112%)
Expenditure with gender equality as a 'significant' or 'principal' objective: 45%[7]								

7 All gender marker figures in the report card present cumulative performance over four years (2014-2017).

16. UNDP assisted programme countries in the design and implementation of development pathways that tackled the connected issues of poverty, inequality and exclusion. The evaluation of the Strategic Plan confirmed that UNDP "has embedded a multidimensional perspective of poverty … creating enabling environments to help Governments develop pro-poor policies and expanding local capacities for pro-poor policy making and social protection".

17. Performance was solid with 2017 targets met for three of five outputs. The target for output 1.4 was missed by 4 per cent and only 80 per cent of the target for output 1.2 on social protection was achieved. Performance analysis suggests that enduring commitments from programme Governments and sustainable funding are critical for establishing and expanding social protection schemes. UNDP spent $4.5 billion on outcome 1 between 2014 and 2017 (26 per cent of total programme expenditure).

18. In 2014-2017, UNDP support for employment and livelihoods in 120 countries helped 37.3 million people (51 per cent women) benefit from livelihood initiatives with 3 million new jobs (41 per cent for women) in 101 countries. UNDP continued to support the Egyptian Social Fund for Development in its transition to ensure continuity and expand its mandate into the Micro, Small and Medium Enterprise (MSME) Development Agency, which extended financial services to over 180,000 existing MSMEs, 49 per cent of them women-owned. Since its launch in 2013, YouthConnekt helped 4 million young people to participate actively in Rwanda's development through job creation, digital innovations, skills development and citizen engagement. In 2017, UNDP and the Government of Rwanda expanded the YouthConnekt Initiative to Congo, Democratic Republic of the Congo, Liberia, Sierra Leone and Uganda.

19. UNDP supported 56 countries to access $285.5 million from vertical funds and bilateral donors for climate change mitigation, adaptation and supportive initiatives that contributed to meeting nationally determined contribution (NDC) targets. UNDP supported national adaptation plans in 48 countries to strengthen medium- to long-term climate change adaptation planning and budgeting. Actions were complemented by activities that strengthened institutional frameworks and transparency mechanisms and established NDC implementation plans. Lessons indicate that financing is the most critical issue facing countries, not only for costing and assessing needs but accessing "transformational" finance that shifts sectors and pivots economies. Under the Strategic Plan, 2018-2021 UNDP will continue to help countries access, combine and sequence funding to meet NDC targets.

20. UNDP supported 840 vertical fund projects in 141 countries, representing an investment of $3.6 billion. Grants helped secure an additional $15 billion in co-financing. Overall, $18.6 billion was invested in national environment and sustainable development priorities. Between 2014 and 2017, UNDP-supported projects financed by the Global Environment Facility helped 1.4 billion people benefit from integrated water resource management measures across 27 transboundary waterbodies. More than 223 million people benefited from improved ecosystem services that sustained and protected their livelihoods, 27.6 million people profited from climate resilient livelihoods and risk management measures, and 6 million people from sustainable energy solutions and/or improved energy efficiency. In 2017, UNDP assisted Bosnia and Herzegovina, Colombia and Egypt in accessing $87.2 million to address climate change risks and reduce emissions, bringing the total number of UNDP-supported Global Climate Fund proposals to 14 (worth $435 million). These projects are expected to increase resilience to climate change for 4.5 million direct and 65.7 million indirect beneficiaries while avoiding 22.5 million tons in carbon dioxide emissions. From 2014 to 2017, UNDP supported 49 countries to access $152 million from the Multilateral Fund for the Implementation of the Montreal Protocol to protect the ozone layer and global climate, which will enable these countries to phase out 10,090 metric tonnes of hydrochlorofluorocarbons while avoiding 40.6 million tons in carbon dioxide-equivalent emissions. In 2017, UNDP assisted 16 countries to access fast start funding to support early ratification of the Kigali Amendment on Hydrofluorocarbons (HFCs) and pilot HFC phase-down projects.

Outcome 2. Stronger democratic governance to meet citizens' expectations

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
2.1	Parliaments, constitution-making bodies and electoral institutions	120%	104%	95%	113%	88	71%	Lower (102%)
2.2	Anti-corruption	103%	97%	103%	96%	72	75%	n/a
2.3	Human rights institutions	109%	106%	98%	94%	58	91%	n/a
2.4	Civil society engagement	100%	95%	90%	94%	80	81%	Lower (89%)
2.5	Natural resources and biodiversity/ecosystems	169%	104%	102%	96%	73	82%	n/a
2.6	Discrimination and emerging issues	150%	122%	86%	94%	23	65%	Same (94%)
Expenditure with gender equality as a 'significant' or 'principal' objective: 41%								

21. Under outcome 2, UNDP assisted countries in maintaining and securing democratic governance, a necessity for achieving all outcomes of the Strategic Plan. This included support for constitutional reform, organizing credible elections, strengthening parliaments and public institutions, reducing corruption and supporting inclusive participation to ensure that no one is left behind. The evaluation of the Strategic Plan found that UNDP is well positioned in providing expert electoral support and is a global leader in the provision of parliamentary support.

22. Performance under outcome 2 slipped slightly in 2017, with one output meeting or exceeding its target (compared to two in 2016), although for the five outputs for which the targets were missed, achievement was 94 per cent or higher. Governance performance is associated with external factors, such as changes in government administration and supporting legislation. Between 2014 and 2017, UNDP spent $2.1 billion (12 per cent of its total programme resources) on outcome 2.

23. Between 2014 and 2017, UNDP support in 93 countries strengthened the capacities of 57 parliaments, 49 electoral management bodies and 42 constitution-making bodies. UNDP support led to the registration of approximately 166 million electors and the participation of 304,442 women candidates in national elections. In the Democratic Republic of the Congo, UNDP and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo supported the National Independent Electoral Commission to complete the revision of the electoral register for 2018 elections. In partnership with the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and the Organization for Security and Co-operation in Europe Office for Democratic Institutions and Human Rights, UNDP supported peer-to-peer learning to increase women's presence in politics in Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

24. Between 2014 and 2017, UNDP supported 57 countries to enable institutions and systems to address awareness, prevention and enforcement of anti-corruption measures. A total of 118 new proposals were adopted to mitigate sector-specific corruption risks. The 2017 evaluation of the UNDP contribution to anti-corruption and addressing drivers of corruption (DP/2017/4) concluded that UNDP anti-corruption efforts had been significant, focusing on building national anti-corruption capacities, strengthening institutions and promoting corruption risk assessments in some service delivery sectors.

25. UNDP continued to work with a range of partners to promote, protect and expand spaces for active, free and meaningful citizen participation, including the inclusion of youth and people with disabilities. In Viet Nam, UNDP supported survey-based government performance feedback systems to channel citizen voices and established a youth-led network for the Sustainable Development Goals which has 45 member organizations and reached over 9,000 individuals on

social media. In the Arab States, "Shughel Shabab", a regional campaign supported by UNDP and the United Nations Educational, Scientific and Cultural Organization (UNESCO) that is run by a group of young people from seven countries, advocated for youth inclusion in community peacebuilding and reached 11,000 youth followers. In Tajikistan, UNDP supported the adoption of the Convention on the Rights of Persons with Disabilities through high-level advocacy and analysis of the legislative, economic and functional implications of joining the Convention, leading to the inclusion of disability in the National Development Strategy.

Outcome 3. Institutions enabled to deliver universal access to basic services

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
3.1	National ownership of recovery and development processes	150%	103%	102%	90%	33	67%	n/a
3.2	Subnational capacity for basic services delivery	105%	98%	96%	90%	79	90%	n/a
3.3	HIV and related services	108%	101%	96%	135%	60	70%	Lower (116%)
3.4	Rule of law/access to justice	208%	156%	133%	117%	47	70%	Lower (105%)
3.5	Citizen security	133%	126%	101%	92%	38	84%	Lower (85%)
Expenditure with gender equality as a 'significant' or 'principal' objective: 31%								

26. UNDP supported government functions, including in post-conflict settings, to lead development processes, deliver basic services, build local government capabilities, increase opportunities for women and men to access quality legal services and reinforce citizen security.

27. Performance under outcome 3 declined slightly. UNDP exceeded the target for two outputs (compared to three in 2016) and missed the targets for three outputs by 10 per cent or less. As noted by the evaluation of the Strategic Plan, while "In the early stages of crisis recovery, UNDP capacity-building support has helped to stabilize national institutions by working successfully with government partners to address immediate needs" it also found that "funding and operational constraints often limit progress during the longer transitional phase back to peaceful development, impeding national efforts to address the structural causes of conflict." Outcome 3 was the largest outcome in terms of expenditure, accounting for $5.8 billion (34 per cent of programme resources).

28. Throughout 2014-2017, UNDP supported initiatives to strengthen core government functions to ensure national ownership of recovery and development processes in 27 countries. This enabled 14 countries to strengthen civil service management and 12 countries to strengthen local governance mechanisms. UNDP support helped subnational governments/administrations in 60 countries improve their capacities for planning, budgeting and/or monitoring basic service delivery. In 2017, UNDP led the first ever United Nations–World Bank assessment framework on core government functions under the United Nations Inter-Agency Platform on Core Government Functions, with the aim to restore basic government functions in fragile and conflict-affected countries including the Central African Republic, Libya, Somalia and Yemen. In Somalia, UNDP supported the development of a new federal civil service law and helped initiate the development of a public service performance management framework.

29. UNDP supported the functions, financing and capacity of rule of law in 48 countries, which led to more than 1.27 million women and 1.24 million men having access to legal aid services. In partnership with the United Nations Department of Peacekeeping Operations, UNDP co-led coherence of rule of law efforts across the United Nations system through the Global Focal Point for Police, Justice and Corrections, which provided integrated joint support to 10 countries. In Afghanistan, UNDP supported legal aid schemes by the Ministry of Justice and the Afghanistan

Independent Bar Association and provided assistance to family response units that increased access to legal aid to marginalized men and women (including legal services for survivors of gender-based violence). In 2017, 3,351 people (617 females) accessed legal aid services from the Legal Aid Grant Facility. In Turkey, UNDP supported training of 250 new female police cadets, bringing the total of female officers to 3,155, an increase of 28 per cent since 2016.

30. Through a partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria, UNDP support to national institutions, systems, laws and policies strengthened the equitable, accountable and effective delivery of HIV-related services in 41 countries. The Global Fund collaboration helped 2.1 million people to receive HIV treatment in 2017. Between 2014 and 2017, 20.8 million people received HIV counselling and testing and 418,000 pregnant women received treatment to prevent mother-to-child-transmission of HIV. Upwards of 116,000 tuberculosis cases were treated successfully and 24 million mosquito nets were distributed to protect families against malaria. UNDP-managed Global Fund grants supported the training of 125,000 doctors, nurses and community health workers, and provided care and support services for 193,000 people affected by HIV, tuberculosis and malaria. This partnership has contributed directly to improving the ability of individuals to live fuller and more productive lives, generating social and economic benefits.

Outcome 4. Gender equality and women's empowerment

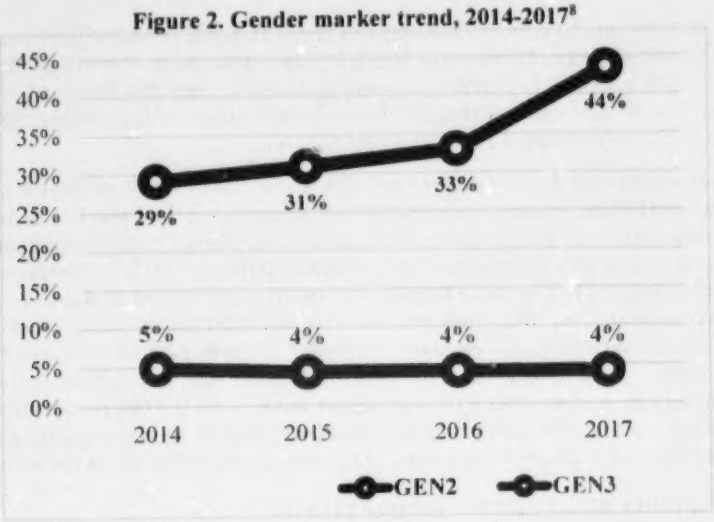
Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
4.1	Women's economic empowerment	100%	100%	100%	96%	16	88%	Same
4.2	Sexual and gender-based violence	192%	114%	95%	95%	14	78%	Same
4.3	Gender evidence		100%	100%	83%	12	83%	Same
4.4	Women's participation in decision-making	86%	105%	108%	101%	24	68%	Same
Expenditure with gender equality as a 'significant' or 'principal' objective: 96%								

31. Under outcome 4, UNDP addressed specific bottlenecks to gender equality and women's empowerment. Performance under outcome 4 declined in 2017, with the 2017 targets missed for three of four outputs. Financial resource constraints were a key factor with 2017 expenditure reflecting a decline of 45 per cent compared to 2014. In 2014-2017, UNDP spent $100 million (0.6 per cent of total programme resources) on outcome 4.

32. That said, outcome 4 does not represent all UNDP efforts to promote gender equality and empower women. Throughout the Strategic Plan period, gender work took place across all outcomes with most results reported under outcomes 1 (sustainable livelihoods) and 2 (governance). Additionally, significant results have been reported on efforts to enhance women in leadership roles and prevent gender-based violence.

33. Over the four years, UNDP has progressively mainstreamed gender equality and women's empowerment as evidenced by the gender marker ratings (figure 2). In 2017, 44 per cent of programme expenditure had gender equality as a significant objective (GEN2), an increase from 29 per cent in 2014. Gender-specific interventions (GEN3) have remained static and more work is required. UNDP will further strengthen its implementation of gender policies and gender mainstreaming in all programmatic areas through the gender equality signature solution in the Strategic Plan 2018-2021.

Figure 2. Gender marker trend, 2014-2017[8]



34. In 2014-2017, UNDP supported 41 countries in improving national capacities to promote and increase the participation and leadership of women in decision-making roles. This strengthened 74 existing laws and policies and introduced 46 new ones. The number of women who benefited from private and/or public measures to support women's preparedness for leadership and decision-making reached 30,789. In Nepal, UNDP supported the Election Commission in reaching 52,268 potential female candidates, of whom 4,000 were nominated to run for elections and 1,011 were elected to political positions. In the Democratic Republic of the Congo, an evaluation of work supported by UNDP, UNESCO and the United Nations Population Fund (UNFPA) revealed an 88 per cent decrease in the number of sexual and gender-based violence (SGBV) cases, from 15,532 in 2013 to 1,734 in 2017. In South Sudan, UNDP supported improved access to justice for vulnerable groups through which 1,573 (584 female) marginalized people received legal aid services and over 247 SGBV survivors received psychosocial care from police special protection units.

Outcome 5. Conflict and disaster prevention and risk management

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
5.1	Mechanisms to assess natural/man-made risks	128%	115%	103%	134%	51	86%	Lower (108%)
5.2	Disaster and climate risk management	117%	106%	95%	95%	64	79%	Higher (105%)
5.3	Gender-responsive disaster/climate risk management	99%	109%	111%	111%	20	61%	Lower (109%)
5.4	Natural hazard preparedness	119%	118%	101%	126%	49	69%	n/a
5.5	Peaceful management of conflicts	162%	98%	98%	96%	46	81%	n/a
5.6	Consensus-building around contested priorities	100%	106%	111%	100%	22	100%	n/a
Expenditure with gender equality as a 'significant' or 'principal' objective: 34%								

[8] Figures for 2014-2016 from the annual reports on the implementation of the UNDP gender equality strategy. Excludes expenditures that have not been rated.

35. UNDP supported resilience-building by supporting: disaster risk assessments, policies and long-term planning and investment frameworks; policy frameworks and institutional mechanisms at the national and subnational levels for the peaceful management of emerging and recurring conflicts; and implementation of mechanisms for consensus-building on contested priorities.

36. UNDP showed strong performance under outcome 5, exceeding the targets for four of six outputs. The targets for outputs 5.2 and 5.5 were missed by only 5 per cent or less. The evaluation of the Strategic Plan confirmed that UNDP provided valuable services to national partners on disaster risk reduction strategies and was well positioned to develop contextual analyses at the country level. UNDP spent $959 million on outcome 5 in 2014-2017 (6 per cent of total programme expenditure).

37. UNDP supported 43 countries to strengthen capacities for assessing natural and man-made risks, including the development of 899 plans and programmes (48 per cent of them gender-responsive) that included multi-hazard national and subnational disaster and climate risk assessments. UNDP helped establish 321 end-to-end early warning systems in 37 countries. In the Asia-Pacific region, the #90drills project raised awareness and fostered tsunami preparedness in 90 schools in 18 participating countries, reaching more than 33,000 students, teachers and administrators. In Kenya, early warning and response systems were established in 23 counties, resulting in 1,500 households (379,000 beneficiaries) benefiting from subnational resilience to climatic and other shocks.

38. UNDP supported 30 countries in consensus-building measures. In Togo, UNDP supported women mediators in 37 local peace committees that were established across the country to prevent the escalation of violence. Overall, efforts resulted in a significant improvement of women's engagement in decision-making, mediation and other conflict-prevention processes at the local and national levels.

39. UNDP also supported conflict prevention, working with 25 countries to improve sustainable national and local human and financial capacities to address emerging and/or recurring conflicts. Efforts included helping to address the root causes of violent extremism. In Malawi, a joint programme supported by UNDP and the United Nations Department of Political Affairs assisted the Government in establishing a National Peace Architecture, launching the National Peace Policy and creating processes that enabled women and youth to play a constructive role in monitoring and mediating conflict. Given its transboundary nature, UNDP undertook a landmark study on the root causes of violent extremism, *Journey to Extremism in Africa*, which drew substantial attention from global media, reaching 450 million people worldwide. Based on interviews with recruits, the report identified reasons why individuals join radical groups. The report was digitized, and promoted through a video series, an exhibit at the Photoville Festival and a website featuring stories from survivors of extremist violence.

Outcome 6. Early recovery and rapid return to sustainable development pathways

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
6.1	Early economic revitalization	139%	103%	127%	168%	30	89%	Higher (214%)
6.2	Capacities for early recovery efforts	100%	109%	99%	92%	23	88%	n/a
6.3	Innovative partnerships in early recovery	85%	103%	139%	123%	4	50%	n/a
6.4	Social cohesion and trust	150%	126%	102%	96%	21	90%	Higher (100%)
Expenditure with gender equality as a 'significant' or 'principal' objective: 64%								

40. UNDP played a valuable role in ensuring that early recovery was included as part of a humanitarian response by bringing development principles into the relief stage and seizing

opportunities to go beyond saving lives and restore national capacities, livelihoods and peaceful conditions for development.

41. Performance under outcome 6 was strong, with UNDP significantly exceeding 2017 targets for two outputs. Additionally, for outputs 6.1 and 6.4, higher performance was recorded for sex-disaggregated and gender-sensitive indicators. The evaluation of the Strategic Plan concluded that in countries affected by conflict, UNDP specialist technical expertise and human resource support has enabled core governance institutions to function, which is critical for consolidating stability and peace and transitioning to development. UNDP spent $1.7 billion on outcome 6 in 2014-2017, 10 per cent of overall programme expenditure.

42. UNDP supported early economic revitalization in 30 countries, giving 7.9 million people access to diversified livelihood opportunities. At the request of the Government of Iraq, UNDP established the Funding Facility for Stabilization in 2015 to facilitate the return of displaced Iraqis, lay the groundwork for reconstruction and recovery and safeguard against the resurgence of violence and extremism. The facility grew to support government stabilization efforts in newly liberated areas and by the end of 2017 it had finalized over 1,600 projects in 28 areas, including those that restored critical infrastructure like water, electricity, hospitals, schools and universities, all of which helped to facilitate the return of 2.8 million internally displaced persons. In Libya, UNDP supported the launch of the Stabilization Facility for Libya in 2016, which attracted $44 million in contributions. In 2017, UNDP helped the Government to rehabilitate and equip 11 hospitals and delivered 14 ambulances to service more than 1 million people. Sixteen schools have been rehabilitated or re-equipped and municipalities have benefited from rehabilitation and improvement of electrical, water and sewage systems.

43. UNDP made a particular effort to bring a strong gender perspective in its crisis response. In Yemen, UNDP support to mine clearance covered 3 million square metres and reached 1.6 million direct beneficiaries and 6.3 million indirect beneficiaries (50 per cent women), which facilitated their return to rural livelihood activities. In Uganda, Cash for Work has reached out to refugees and host communities by providing temporary employment opportunities; 60 per cent of all beneficiaries are women, a large proportion of them widows or survivors of SGBV.

Box 3. The New Way of Working at the country level

In 2017, UNDP and its partners provided increased leadership and engagement in bringing coherence to humanitarian, development and peace efforts through the New Way of Working. In Somalia, the Recovery and Resilience Framework instilled resilient and sustainable recovery from drought, drought-induced conflicts, hunger and poverty. The framework resulted from a drought impact needs assessment led by the Federal Government of Somalia in the last quarter of 2017. The needs assessment is widely acknowledged as having set new parameters for recovery and State-building and represents a novel approach to traditional post-disaster needs assessment methodology, as well as having introduced stronger recovery and resilience actions into a conflict setting.

In Turkey, as lead agency for the resilience pillar of the Regional Refugee and Resilience Plan for the Syrian crisis, UNDP has steered efforts to focus the response efforts on mid- and longer-term development gains for both host communities and Syrians. This resulted in a significant increase (over 100 per cent) in the budget allocated to resilience efforts in all sectors in 2017 and is expected to grow further in 2018.

44. UNDP supported 28 countries in helping national and local authorities to lead community engagement, planning, coordination, delivery and monitoring of early recovery efforts. This contributed to 59 per cent of crisis-affected countries strengthening their financing or aid management mechanisms for early recovery. In 2017, UNDP, the World Bank and European Union supported recovery and peacebuilding assessments in Cameroon and Zimbabwe. This tripartite partnership fielded a technical mission to Liberia to support the drafting of a Security Council-mandated peacebuilding plan. Financing and implementation mechanisms that were established subsequently allowed for the coordinated financing of government plans.

Box 4. Mobilizing resources for post-disaster recovery efforts in the Caribbean

In the aftermath of Hurricanes Irma and Maria, UNDP, along with international partners, led support to Governments in post-disaster needs assessment and recovery planning. These elements helped support the subsequent high-level pledging conference organized by the Caribbean Community and the United Nations on the theme "Building a more Climate-Resilient Community', which mobilized a broad partnership to support reconstruction efforts, including over $1.3 billion in grant pledges and over $1 billion in loans and debt relief.

In Dominica, Antigua and Barbuda, Turks and Caicos and other affected countries, UNDP support to Governments in post-disaster recovery programmes facilitated the mobilization of funds for recovery and reconstruction. This included trilateral partnerships and resources from China and India.

Outcome 7. Thought leadership

Output		Performance against milestones				Number of countries supported	Proportion of countries achieved target	2017 gender performance vs. overall
		2014	2015	2016	2017			
7.1	Global consensus on MDGs/post-2015 agenda	182%	107%	100%	Carry over 2016	Global	Global	Same
7.2	Progress on MDGs/post-2015 agenda	114%	130%	100%	96%	35	94%	Same
7.3	National development plans	145%	111%	109%	115%	37	83%	n/a
7.4	Global development financing	100%	94%	95%	100%	22	90%	n/a
7.5	South-South and triangular cooperation	113%	107%	99%	112%	17	89%	n/a
7.6	Innovative development solutions	133%	157%	131%	126%	17	82%	n/a
7.7	Knowledge about development solutions	101%	118%	127%	128%	Global	Global	n/a
7.8	MDGs and other global development goals	[redacted]	123%	99%	100%	Global	Global	n/a
Expenditure with gender equality as a 'significant' or 'principal' objective: 23%								

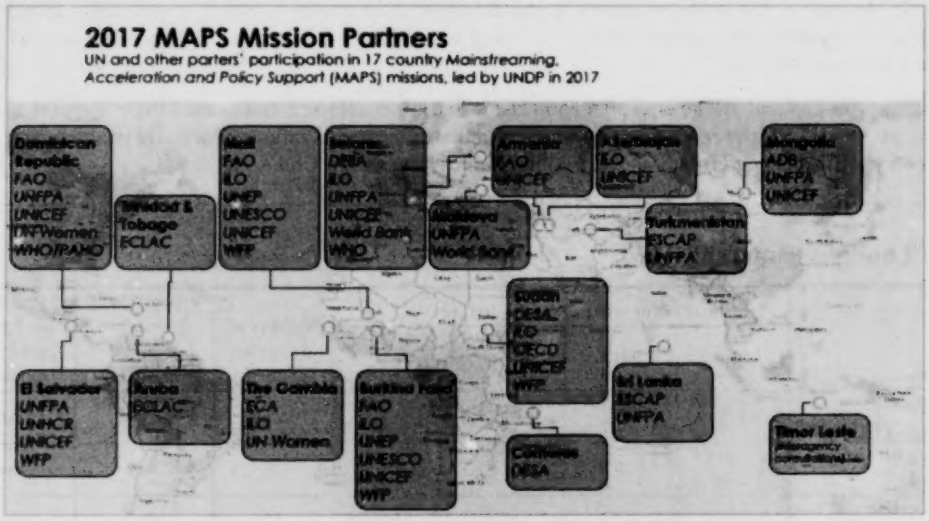
45. UNDP thought leadership and advocacy to advance the global development agenda supported the translation of global agreements into gender-responsive national and local strategies. Attention is turning swiftly to ways of accelerating progress, drawing on an array of partnerships and approaches, along with mobilizing financial resources from public, private, international and domestic sources.

46. Performance under outcome 7 was strong with UNDP exceeding 2017 targets for seven of eight outputs. In 2014-2017, UNDP spent $719 million, or 4 per cent of its programme resources, on outcome 7.

47. Support to the roll-out of the 2030 Agenda remained a priority. In 2014-2017, 265 new country diagnostics were carried out in 42 countries to inform policy options on national responses to the globally agreed development agenda. With UNDP support, 33 countries were able to use updated and disaggregated data to monitor progress on national development goals. In 2017, 17 MAPS missions (up from nine in 2016) were undertaken in partnership with 20 United Nations entities and other partners. In Myanmar, UNDP supported efforts to strengthen the Government's data collection and dissemination capacities, which led to the launch of the Myanmar Living Conditions Survey and publication of the Sustainable Development Goal Indicator Baseline Report. A MAPS mission assisted the Government of Timor-Leste to prepare the road map for the implementation of the 2030 Agenda and the Sustainable Development Goals. The report was launched by the Prime Minister at a global conference on sustainable development in fragile and conflict-affected countries. In Sri

Lanka, the MAPS mission helped identify priority Sustainable Development Goal accelerators such as the "blue economy" to capitalize on its exclusive economic zone and restoring trust and social cohesion as part of the peacebuilding process.

Figure 3. 2017 MAPS missions and partners



48. UNDP pursued innovation, including ways to bring it to scale, and better use of big data for monitoring and programming purposes. This was done through partnerships with the private sector, academic institutes and global thought leaders including the National Aeronautics and Space Administration (United States), the Data Pop Alliance, the European Institute for Business Administration and McKinsey & Company. UNDP assisted seven countries in establishing public sector innovation labs, including a Social Innovation lab in Sri Lanka, the flagship Sustainable Development Goal Innovation Lab in Armenia, Social Innovation Lab, Business Innovation Lab and Our Green City Lab in Republic of Moldova and an Innovation Lab for Social Interest Entrepreneurship in Honduras. In Lebanon, UNDP piloted a WhatsApp survey to map social stability and inter-community tensions using localized data to inform proactive crisis response.

B. Organizational performance

49. The evaluation of the Strategic Plan found that UNDP has improved the quality of its programming and its openness, agility and adaptability, and that it was leaner and more cost-conscious in 2014-2017, but that challenges remained. Organizational performance at the end of 2017 was solid with UNDP meeting or exceeding targets for 23 of 46 indicators, achieving 80 per cent or higher of the targets for 20 indicators while three indicators achieved less than 80 per cent of the target.

Development effectiveness and cost efficiency

50. The quality of country programme documents improved from a 79 per cent satisfactory rating in 2014 to 89 per cent in 2017 (above the 80 per cent target) due to a robust programme appraisal committee process. Social and environmental safeguards and grievance mechanisms have increasingly been used as best practices in development and humanitarian programming and investments.

51. The introduction of universal programme and project quality assurance in 2016 set clear standards for improved decisions on investments for better performance. Standards were met or exceeded in 73 per cent of projects in 2017, up from 63 per cent in 2016. Upwards of 79 per cent of country offices systematically implemented common United Nations Development Group results-based management tools and principles in 2017.

52. The proportion of requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women met or exceeded by UNDP improved from 73 per cent in 2014 to 80 per cent in 2017. The UNDP Gender Equality Seal, acknowledged as an accelerator of transformative changes, recognized 46 country offices for their significant progress on gender mainstreaming, awarding 10 offices a "Gold" seal between 2014 and 2017. The UNDP gender certification has been adapted for the public sector and private companies and the Gender Equality Seal for the private sector expanded beyond Latin America to Africa and other regions as a global good practice in transforming work culture.

53. UNDP became a more efficient organization, reflected in the 2017 management efficiency ratio of 6.9 per cent, well under the target of 8.1 per cent and a significant reduction from 8.3 per cent in 2014. Compliance of cost-sharing agreements under the new cost-recovery policy reached 91 per cent, exceeding the 2017 target of 90 per cent. Ninety-four per cent of the organization met financial quality standards, surpassing the 80 per cent target set for 2017. The clustering of financial transactions of country offices in the Asia and Pacific region was completed. The 2016 financial statements were issued a clean audit opinion by the United Nations Board of Auditors for the twelfth consecutive year.

Diversifying the UNDP funding base and partnerships

54. In 2017, UNDP received $73 million from the private sector, foundations and non-governmental organizations, a 48 per cent increase from 2016. Beyond financial contributions, UNDP collaborated with companies to co-create solutions and respond to emergencies. Examples of partnerships include work with Microsoft in Dominica after Hurricane Maria and the IKEA Foundation for women's economic empowerment in India. UNDP received $281 million from international financial institutions, a 67 per cent increase from 2016.

United Nations coordination

55. UNDP continued to offer strong operational backbone support to the UNDS, providing services to 48 agencies, funds and programmes, as well as 35 United Nations Secretariat entities and peacekeeping missions, on a cost-recovery basis. UNDP managed a service clearance account for inter-organizational payments with a turnover of $702.601 million a year along with investment funds of $8.16 billion, of which $1.98 billion came from other United Nations organizations.

56. UNDP implemented standard operating procedures for the "Delivering as One" approach in 95 country offices (71 per cent), well above the target of 85 country offices (63 per cent). UNDP, together with other United Nations organizations, supported the business operations strategy in pilot and self-starter countries and used common services and other operations to strengthen system-wide coherence and increase efficiency. UNDP also helped develop a new United Nations Development Assistance Framework guidance note that responds more effectively to the rapidly evolving development landscape.

C. Financial performance

Contributions for 2017

57. In 2017, contributions to regular and other resources, excluding reimbursable support services, were $4.8 billion. Regular resources contributions decreased from $0.618 billion in 2016 to $0.612 billion, while other resources contributions increased from $4.16 billion to $4.22 billion. Government cost-sharing resources increased to $1 billion, while bilateral/multilateral resources decreased from $3.27 billion to $3.22 billion.

2014-2017 cumulative contributions

58. When comparing actual contributions received between 2014 and 2017 against integrated resources plan estimates (DP/2013/41), total contributions to regular and other resources were $18.6 billion, or 95 per cent of the of $19.4 billion estimate. Regular resources contributions were $2.7 billion, or 75 per cent of the $3.6 billion estimate. Government cost-sharing contributions were $3.6 billion, or 120 per cent of the $3 billion estimate, and bilateral/multilateral resources were $12.3 billion, or 96 per cent of the $12.8 billion estimate.

Expenditure for 2017

59. Provisional expenditure for development activities was $4.63 billion, of which $0.42 billion was funded from regular resources and $4.21 billion from other donor and local resources. Expenditures for United Nations development coordination, management and special-purpose categories were $0.10 billion, $0.36 billion and $0.07 billion, respectively. The expenditure ratio for management activities to total expenditure was 6.9 per cent, which is below the management efficiency ratio of 8.1 per cent outlined in Strategic Plan estimates for 2014-2017.

2014-2017 cumulative expenditure

60. Total provisional expenditure for development activities was $17.63 billion, of which $1.91 billion was funded from regular resources and $15.72 billion from other resources. Expenditures for United Nations development coordination, management and special-purpose categories were $0.40 billion, $1.54 billion and $0.32 billion, respectively. The expenditure ratio for management activities over total expenditure was 7.7 per cent, which is below the management efficiency ratio of 8.1 per cent outlined in strategic plan estimates, 2014-2017.

Error! Not a valid link.

Table 2. Management expenditure ratio
(In billions of United States dollars)

Cost classification category	Strategic Plan estimates 2014-2017	Expenditure 2014-2016	Expenditure 2017	Expenditure 2014-2017
Management activities (a)	$1.84	$1.18	$0.36	$1.54
Total activities (b)	$22.64	$14.73	$5.15	$19.88
Management expenditure ratio (c) = (a) / (b)	8.13%	8.01%	6.93%	7.73%

II. Progress on the Strategic Plan, 2018-2021

61. The United Nations system is on the verge of major change as Member States finalize a set of reform proposals to frame more integrated and coherent support to the 2030 Agenda. UNDP stands ready to implement the proposals agreed by Member States.

Rolling out the Strategic Plan

62. The new UNDP Strategic Plan is reform-ready, placing a nimble, next-generation UNDP at the heart of a more integrated, coherent UNDS. The Strategic Plan is now being translated into action. A fully articulated theory of change has been developed for the Strategic Plan, guidance notes have been prepared on the six signature solutions and baselines, milestones and targets for the new IRRF have been populated. UNDP is planning a roll-out of the Strategic Plan, ensuring that regional hubs and country offices are fully engaged with areas of work such as country support platforms, the UNDP signature solutions, leveraging innovation, new programming approaches, monitoring of the Strategic Plan and the common chapter (discussed below).

Advancing implementation of the common chapter

63. The plan begins with a common chapter, adopted by UNDP, UNFPA, the United Nations Children's Fund and UN-Women. UNDP has been working closely with these sister agencies to make the common chapter operational as quickly as possible. An approach has been agreed and approved by each head of agency that seeks to integrate this approach in country-level programming processes while laying the groundwork for accelerator initiatives on a few initial issues that create transformative impact through closer collaboration. Operational details are being finalized to accompany the approach, with initial action targeted for mid-2018.

Developing country support platforms

64. One of the hallmarks of the next-generation UNDP are country support platforms, which will help rethink how UNDP and other partners support countries to address systemic or structural challenges in sustainable development – "wicked problems" – that would otherwise remain unresolved. This approach is driven by the realization that dealing with twenty-first century development ambitions and issues will require a substantial update of development cooperation, with much greater emphasis on openness, collaborative networks, innovation and scale of effort, among others. Country support platforms, therefore, represent a major departure from current ways of working. They recognize that the complex development issues at the heart of the 2030 Agenda require approaches that are much more open – in design, management and partnership – than traditional, project-based, development assistance. Platforms demand more inclusive forms of governance, management and participation, as well as skills that are still in relatively limited supply: for foresight, systems thinking, applied innovation, partnership-building and new forms of financing.

65. The foundation is being laid to design and operationalize platforms during 2018. UNDP has been looking at both in-house experience on platform-based approaches, as well as experience in the broader development community and in the public and private sectors in developed and developing countries. Options for financing the UNDP role as an "early investor" in platforms are advancing well, to help put resources behind this important initiative. Structured engagement with UNDS counterparts commenced in April 2018, building on informal consultations undertaken since late 2017. Further outreach and engagement with sister agencies in the UNDS are also intensifying, amid signs of considerable interest and support for country support platforms as an approach that is both timely and necessary.

Triggering institutional change for improved delivery

66. The development landscape is changing dramatically, and UNDP must change along with it. Presently, the organization is taking a critical look at its policy and programme support (PPS) functions, business model and partnerships and advocacy approaches to drive a step change in its ability to respond to Governments and other partners.

67. The review of PPS functions is intended to design a structure and set of capacities to deliver the knowledge, policy advice and programmatic support countries need to address the complex and integrated nature of the Sustainable Development Goals in a systematic way. The review aims to establish a more client-focused and field-based policy and programme support structure, leveraging the broad development perspective and partnership-building capacity of UNDP to provide integrated solutions as part of the UNDP offer. The review addresses functions and capacities needed for all three development settings identified in the Strategic Plan, including the crisis and conflict setting in which the Crisis Response Unit plays a central role.

68. Two tracks of work have been established to improve the UNDP business model: a performance stream and an innovation stream. Significant efforts have been undertaken for improving the performance of the UNDP existing business model including: (a) the development of new ways of partnering with the private sector, including the development of three new legal instruments; (b) revision of policy and prescriptive content in relation to programme and project management to enable UNDP to be a more flexible and responsive partner; and (c) establishment of a fast track to support the resolution of bottlenecks in the delivery of management services and simplification of operational procedures.

69. In terms of innovation, a new Country Investment Facility was established to spur innovative approaches to the business model at the country level, and a new flagship project was launched to develop and test a new business model for leveraging significant financing for the Sustainable Development Goals in partnership with the private sector.

70. Underpinning the work on improving the UNDP business model, a review of the management services function has been launched to evolve UNDP to be the pre-eminent global management services provider in the United Nations system, capable of delivering timely and cost-effective services to internal and external clients in a risk-informed and adaptable manner. A review of external engagement, communications and partnership approaches will be undertaken in the second half of 2018, to ensure that UNDP is better positioned to leverage the range of partnerships at global, regional and country levels needed to deliver on the Strategic Plan.

71. Innovation has been brought to the core of the UNDP approach to delivering against the Strategic Plan. This process has included a workshop on programmatic and operational innovation, deeper integration of the concept in the PPS and management function reviews and by signalling a change of culture through online discussions and a live monthly call between the Administrator and project teams to discuss their innovative approaches and results achieved.

I. Overview of Joint Inspection Unit reports issued in 2017

1. The present report provides a summary of the UNDP management responses to 35 recommendations of the Joint Inspection Unit specifically relevant to UNDP (out of 43 recommendations contained in the relevant reports issued by the Unit in 2017, at the time of the present report), as well as the implementation status of relevant recommendations issued in 2015 and 2016. It draws attention to recommendations made by the Unit in 2017 for consideration by the governing body of UNDP, and to the proposed management responses (see annex II, available on the Executive Board website). The present report provides a summary of the UNDP management response to the Joint Inspection Unit management letter as follow-up to a review of enterprise resource planning from 2012. The complete reports and notes of the Joint Inspection Unit and any additional annexes and comments, e.g., by the United Nations System Chief Executives Board for Coordination (CEB), can be obtained through the Joint Inspection Unit website (http://www.unjiu.org) or through the hyperlinked titles of each report in chapter II. Comments of the CEB available at the time of drafting of the present report have also been included.

2. Six reports and one management letter issued in 2017 (at the time of the present report) contain 35[1] recommendations that are of direct relevance to UNDP. They are: (a) Donor-led assessments of the United Nations system organizations (JIU/REP/2017/2); (b) Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3); (c) Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/2017/5); (d) Results-based management in the United Nations development system: analysis of progress and policy effectiveness (JIU/2017/6); (e) Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7); (f) Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9); (g) Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations' (JIU/ML/2017/1).

II. Synopsis and review of relevant Joint Inspection Unit reports and recommendations in 2017

3. The management responses to the relevant recommendations in the reports are provided below. Annex I contains a statistical summary of reports issued by the Joint Inspection Unit in 2017, and annex II contains proposed management responses to recommendations directed to the Executive Board as the governing body of UNDP. Annexes III and IV provide information on the implementation status of recommendations issued in 2016 and 2015. (Annexes are available on the Executive Board website.)

A. Donor-led assessment of the United Nations system organizations (JIU/REP/2017/2)

4. The review analyses the various approaches, arrangements and practices in place regarding donor-led assessments in the United Nations system, and the identification of areas of common challenges and concerns. The review concludes that United Nations system organizations have to dedicate considerable resources, mainly staff and time, for their involvement in donor assessments. This consists of: (a) providing information and documentation; (b) explaining the organization's regulatory frameworks and procedures; (c) planning and conducting detailed senior-level

[1] The one recommendation of the management letter "Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations" (JIU/ML/2017/1) is not under the sole remit of UNDP and is for consideration by the CEB.

interviews and meetings during the visit of the review team; (d) seeking and securing the cooperation and participation of programme country institutions and stakeholders; (e) ensuring adherence to the public disclosure and confidentiality policy of the organization; (f) providing customized programmatic and financial reports; (g) providing comments and management responses to reports; and (h) implementing remedial actions in response to observations and recommendations of the assessment. The review recognizes that the transaction costs associated with these donor assessments may divert substantial resources from the United Nations system organizations' core activities (CEB comments[2] available in A/72/298/Add.1).

5. UNDP is appreciative of the review's examination of how both donors and organizations can benefit from adopting a more consultative approach in conducting donor assessments. UNDP agrees with the review's conclusion that such an approach can contribute substantially to organizational learning, reform and improvement. As such, the review calls for more robust collaboration between organizations and donors in the planning phase and subsequently, in the actual conduct of the assessments. It also calls for coordination among donors on the one hand, and among United Nations system organizations on the other, to address commonalties and avoid duplication. UNDP also appreciates that the review underscores the need for a strategic dialogue between the donors and the organizations.

6. All six recommendations issued are of relevance to UNDP. Recommendations 3, 4 and 6 are directed to the Administrator and are discussed below. Recommendations 1, 2 and 5 are directed to the Executive Board for consideration and are discussed further and commented on in annex II. UNDP welcomes the six recommendations which are actionable in scope and aim to further enhance strategic dialogue, coordination and transparency in donor-led assessments of United Nations system organizations.

7. *Recommendation 3* states that *the executive heads of the United Nations system organizations should designate, on the basis of the volume and variety of donor reviews, an appropriate central function in their respective organizations for coordinating the multiplicity of donor assessments, managing the information provided to donors, standardizing communications, ensuring consistency and tracking the follow-up action on findings and recommendations by the responsible organizational units.* In UNDP, donor assessments are coordinated by the Partnerships Group, Bureau for External Relations and Advocacy. However, UNDP would like to note, as flagged in the comments of the Secretary-General and the CEB on this review (A/72/298/Add.1, paragraph 13), tracking recommendations is different from implementing them, and the responsibility for implementing actions and achieving results is spread across many operational units. A central unit can thus be the custodian of the recommendations but cannot be responsible for successful implementation even with expanded capacity. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it has been implemented.

8. *Recommendation 4* states that *the executive heads of the United Nations system organizations should engage with donors to determine the key elements in their assessments and should encourage their audit and evaluation bodies, with due regard for their independence, to consider taking these elements into account in their risk assessments and workplans, in order to avoid potential duplication and overlap.* UNDP supports the recommendation. UNDP already engages with donors to discuss elements of their assessments, and the work of the Independent Evaluation Office (IEO) and Office of Audit and Investigations (OAI) covers performance areas commonly

[2] Hyperlinks to comments by the CEB that were available at the time of publication are provided throughout this report.

included in donor-led assessments. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

9. *Recommendation 6* states that *the executive heads of the United Nations system organizations and the Secretary-General, in the context of the CEB, should develop a common position for initiating a high-level dialogue with donors to determine shared priorities and define a multi-stakeholder assessment platform with a robust framework and methodology to capture a collective reflection of an agency's performance and reduce the need for additional bilateral assessments.* UNDP supports the need for strategic dialogues with Member States to define a multi-stakeholder assessment platform that considers the needs of all Member States, with a robust framework and methodology set by the Executive Board, to capture a collective reflection of an agency's effectiveness and reduce the need for additional bilateral assessments. UNDP welcomes efforts to define a common position for multi-stakeholder assessment in the context of the CEB, while recognizing that it might take time for the CEB to collectively agree. Bearing this in mind, UNDP highlights that the recommendation is under consideration.

B. Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3)

10. The review assesses relevant air travel policies, rules and practices and to examine their implementation across United Nations system organizations with a view to:

(a) enhancing the efficiency and effectiveness of travel management;

(b) increasing accountability and transparency among managers who approve travel, taking into account travellers' productivity, safety and security;

(c) promoting and increasing coordination and cooperation among organizations; and

(d) identifying good practices and lessons learned in order to promote, where possible, the harmonization of practices across the United Nations system (CEB comments available in A/72/629/Add.1).

11. Three of the nine recommendations are of relevance to UNDP. Recommendations 4 and 5 are directed to the Administrator and recommendation 1 is directed to the Executive Board for consideration.

12. *Recommendation 4* states that *the executive heads of the United Nations system organizations, that have not yet done so, should ensure by 2019 that effective measures are taken to enforce and monitor compliance with an advance purchase policy, including incorporation of advance planning rules and key performance indicators in travel policies that are regularly measured.* UNDP conducted an in-depth analysis of the savings opportunities associated with the advance purchasing of tickets and has further emphasized the need for advance planning and ticket purchase. UNDP recently revised its policy on travel allowances and expenses (available at this link) to reflect a 14-day advance purchase guideline for economy class tickets and 21-day advance guideline for business class tickets. A query has been developed in the UNDP Atlas enterprise resource management system that identifies how far in advance a travel request has been approved prior to the commencement of travel, enabling business units to monitor their performance against the guideline. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

13. *Recommendation 5* states that *the executive heads of United Nations system organizations should schedule periodic monitoring and assessment to ensure conformity with their own air travel policies, conduct periodic risk assessments and identify measures for further efficiency gains by their next budgetary cycle.* UNDP regularly reviews its travel policies and related work flows to modernize and deliver

efficiencies within the context of the overall travel programme. The reviews have resulted in three policy revisions in the last five years. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

C. Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/REP/2017/5)

14. This review is the second phase of a Joint Inspection Unit review of follow-up to the Unit's recommendations by each participating United Nations entity (including UNDP) through single organization management letters which the Unit issued in 2016. Building on the results of the first phase, the second phase draws lessons from the issues affecting the follow-up process of JIU recommendations by participating organizations and identifies good follow-up practices to enhance its functioning system-wide. It also follows-up on the suggestions and recommendations made in the management letters (CEB comments available in A/72/704/Add.1).

15. Six of the seven recommendations issued are of relevance to UNDP. Recommendations 1, 2, 5, 6 and 7 are directed to the Administrator and recommendation 4 is directed to the Executive Board for consideration.

16. *Recommendation 1* states that *the executive heads of organizations who have not yet done so should enhance the consideration of [Joint Inspection Unit] reports/recommendations by their respective legislative bodies, in line with best/good practices identified, by the end of 2018.* UNDP is compliant with this recommendation, as it reports annually to its Executive Board on the implementation of the Unit's recommendations through the annual report of the Administrator. Bearing this in mind, UNDP accepts recommendation 1 and highlights that it has been implemented.

17. *Recommendation 2* states that *the executive heads of organizations who have not yet done so are requested to propose to their legislative bodies a concrete course of action to be taken with respect to the recommendations of the Joint Inspection Unit addressed to these bodies, especially with regard to system-wide and several organization reports, by the end of 2018.* UNDP is compliant with this recommendation as its annual report on the implementation of the Unit's recommendations contains proposed management responses to recommendations to the Executive Board as the governing body of UNDP. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

18. *Recommendation 5* states that *the executive heads of organizations who have not yet done so should introduce appropriate verification and monitoring procedures on the implementation of prior years' accepted [Joint Inspection Unit] recommendations until their full implementation, by the end of 2018.* UNDP is compliant with this recommendation, as it verifies and monitors whether the actual implementation of recommendations is subject to issuance/updates of policies/guidelines or relevant documents, as applicable, prior to updating the implementation status of ongoing recommendations in the Unit's web-based tracking system. Additionally, as mentioned in the comment to recommendation 4 (see annex II), UNDP has introduced a corporate indicator for monitoring the implementation rate of Joint Inspection Unit recommendations through its corporate results-based planning, monitoring and reporting system, the integrated results and resources framework (IRRF) of the Strategic Plan, 2018–2021. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

19. *Recommendation 6* states that *the executive heads of organizations, when considering [Joint Inspection Unit] recommendations intended to enhance coordination and cooperation, should propose the inclusion of the consideration of*

these recommendations on the programme of work of CEB and its applicable mechanisms with a timeline for taking a decision, with effect from 2019. The executive heads do not set the programme of work or agenda of the CEB, which are shaped by the Secretary-General in the scope of the three CEB mechanisms: the High-Level Committee on Management (HLCM), High-Level Committee on Programmes and United Nations Development Group. A recommendation that the CEB consider this recommendation should come through the HLCM, as it is closer to its mandate. Bearing this in mind, UNDP notes that recommendation 6 is under consideration since it is for the consideration of the CEB and its not the sole remit of UNDP.

20. *Recommendation 7* states that *the executive heads of organizations who have not yet done so should establish a direct reporting line from the [Joint Inspection Unit] focal point to top management.* UNDP is compliant with this recommendation, as the focal point function is discharged by the Director of the Bureau for Management Services who reports directly to the Administrator. Bearing this in mind, UNDP accepts recommendation 7 and highlights that it has been implemented.

D. Results-based management in the United Nations development system: analysis of progress and policy effectiveness (JIU/2017/6)

21. This review addresses the following three objectives:

(a) examines the progress/development of results-based management (RBM) in the United Nations system;

(b) identifies the impact/outcomes obtained from RBM on organizational effectiveness;

(c) identifies actions and measures that would support the development of RBM within and across United Nations system entities.

The review's analysis expands well on the role of leadership to ensure a culture of results and learning, and to promote more critical thinking. The review flags that incentive systems are missing to effectively promote accountability for results, while also promoting accountability for transformative learning and innovation.

22. UNDP is appreciative of the review's call for being realistic about what can be expected from RBM. The agencies can learn how to use evidence better to improve their effectiveness and inform decision-making, but decisions will continue to be based on more than just evidence. Evidence is just one part of what influences decisions, especially in the United Nations system, where political and strategic considerations, expert opinions, stakeholders' demands, public pressure and above all resource constraints come into play. It is important to note that since the review was done in 2015, based on data for the period 2010-2015, many organizations may have already moved forward with entrenching the RBM culture in their programmes and operations. UNDP has made substantial progress in the use of evidence, the introduction of the social and environmental standards, the quality assurance system, and theory of change, all of which are important components of UNDP results-based management of programmes and projects.

23. Six of the seven recommendations issued are of relevance to UNDP. Recommendations 1, 2, 3, 4, and 5 are directed to the Administrator and recommendation 6 is directed to the Executive Board for consideration.

24. *Recommendation 1* states that *executive heads who have not already done so should develop a well-defined, comprehensive and holistic strategy to guide the mainstreaming of results-based management within and across organizations.* The Strategic Plan, 2018-2021 prioritizes streamlining the UNDP business model and processes with the aim to ensure that learning and managing for results are driving the organization's performance. UNDP is in an advanced stage of finalizing the reform of

its RBM system with the simpler and streamlined IRRF, quality programming policy and rating system in place, a solid corporate planning system fostering programme and project management (PPM) and a full revision of the PPM prescriptive content. This progress was acknowledged by the IEO and OAI through the RBM audit, assessment of institutional effectiveness and evaluation of the Strategic Plan, 2014-2017. Bearing this in mind, UNDP accepts recommendation 1 and highlights that it is in progress.

25. *Recommendation 2* states that *executive heads, including the Secretary-General, in his capacity as Chair of the CEB, should consider establishing a backbone support function to ensure that the vast range of innovations introduced in results-based management across the United Nations system are captured, supported, assessed for value and shared for adoption system-wide.* Recognizing that the improvements are needed, UNDP has participated actively in the CEB discussions. In 2014, UNDP established the Development Impact Group in the Bureau for Policy and Programme Support to ensure that innovations introduced in RBM are captured, supported and adopted UNDP system-wide. For instance, UNDP introduced an innovative performance monitoring mechanism, the performance report card, in the annual report of the Administrator, a snapshot of UNDP performance against annual milestones of the IRRF indicators with performance "traffic lights". The report card was highly regarded by Executive Board members and adopted by the United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA) and United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women); the four agencies have learned from one another in the process. In addition, United Nations country team members put together all instruments, policies and systems in the mainstreaming, acceleration and policy support tools that could be relevant to Governments in the implementation of the Sustainable Development Goals. Some of the RBM practices that UNDP has developed, such as programme quality standards, social and environmental safeguards, monitoring and evaluation methodologies and innovative approaches, will be further shared with Governments for use in the pursuit of sustainable development. The country platform that UNDP is establishing under the Strategic Plan, 2018-2021 is an immediate response to this recommendation. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

26. *Recommendation 3* states that *executive heads should strengthen the development of the culture of results by including in their respective capacity development agendas a focus on enhancing the mindset and value systems that are important for enhancing staff commitment and engagement in implementing results-based management.* This recommendation is aligned with the recommendations of the assessment of institutional effectiveness (IEO, OAI) and evaluation of the Strategic Plan, 2014-2017 (IEO). It is important to note that linking results to individual performance and also feeding back to results reporting units with lessons would help to generate a stronger results culture. The incentive system needs to change to ensure that mindsets change as well. UNDP continues to conduct training and joint workshops with IEO on evidence-based programming, and to engage closely with regional bureaux RBM focal points to better integrate RBM and evaluation findings in decision-making. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it is in progress.

27. *Recommendation 4* states that *executive heads should ensure that the future development of approaches to staff accountability and human resources management incorporates more consideration of managing for achieving results, including the development of incentive systems that promote both accountability for results and accountability for transformative learning and innovations at all levels.* Accelerating performance and achievement of results has always been the key objective of UNDP individual performance management. The new policy on performance management

and development reiterates this commitment. The policy is very explicit about accountability for performance. Also, UNDP has included innovation in its core competency framework and every staff member is assessed annually on his/her proficiency in this area. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

28. *Recommendation 5* states that *executive heads should make the use of information on results, including evidence resulting from evaluation, a strategic priority.* To develop the Strategic Plan, 2018-2021, UNDP fully utilized the results and evidence collected through the RBM practice (IRRF indicator performance, qualitative results reported in country office results-oriented annual reports and a number of evaluations, including the evaluation of the Strategic Plan and global and regional programmes, 2014-2017 and the assessment of institutional effectiveness). Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

E. Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7)

29. In view of the continuous growth and proportion of other resources (non-core) funding to the United Nations system, and the increase in reporting and reporting requirements and the demands of donors for greater accountability, transparency and visibility, the Joint Inspection Unit has reviewed the donor reporting requirements for voluntary (other resources) contributions across the United Nations system. The review included the United Nations, the United Nations funds and programmes, specialized agencies and the International Atomic Energy Agency, which benefit from voluntary contributions and are thus affected by donor reporting requirements at the global, interregional and/or national levels.

30. The objectives of the review were to:

(a) map and assess the types and defining characteristics of donor reports (both financial and programmatic/narrative/technical/ substantive reporting);

(b) examine the rationale for requiring such reports;

(c) identify the regulatory framework, organizational policies and agreements on the basis of which donors seek additional reporting;

(d) ascertain the degree to which donor requirements could be satisfied by existing standard reporting and oversight processes;

(e) examine the issue of transaction costs for the United Nations system organizations for reporting to donors;

(f) examine ways of further enhancing transparency and accountability;

(g) explore how donor reports could be more effectively planned, coordinated and budgeted to achieve the objectives of all stakeholders;

(h) explore possibilities for standardization and streamlining, improved coherence and development of a common report template.

31. The review does not examine in depth the specific practices of individual donors and/or United Nations system organizations; rather it looks at donor reporting and related issues holistically. All seven recommendations are of relevance to UNDP. Recommendations 2, 3, 4, 5 and 6 are directed to the Administrator and recommendations 1 and 7 are directed to the Executive Board for consideration.

32. *Recommendation 2* states that *the executive heads of the United Nations system organizations that have not yet done so should put in place measures for ensuring that partnership agreements, concluded at the corporate level with the donors and at the corporate and field levels for individual programmes and projects, spell out the needs and*

requirements of the donors and the mutual commitments of the organizations and the donors, with respect to the details of reporting on the use of funds provided. The UNDP partnership framework agreement and cost-sharing agreement have provisions for donor reporting, including annual and final progress reports and annual and final certified financial reports. The cost-sharing agreement templates have clear clauses on needs and requirements of donors and mutual commitments in respect of details of reporting on the use of funds. UNDP appreciates the finding that finance, legal and other relevant offices of the organization should be consulted during the negotiation and clearance process, to ensure that the agreement contains reporting requirements with which the organization can comply and that do not create significant additional transaction costs. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

33. *Recommendation 3* states that *the executive heads of the United Nations system organizations should encourage better access to, and dissemination and exchange of, information concerning donor reporting among the Member States and ensure that every organization maintains a corporate repository for all contribution agreements and donor reports.* UNDP partnership framework agreements are maintained on the corporate intranet and cost-sharing agreements in a central document management system repository. In addition, the certified financial reports submitted annually to the donors are available to offices on the corporate Intranet. UNDP wishes to highlight that over the past years, it has demonstrated strong commitment and leadership in ensuring transparency. In its transparency portal (open.undp.org), UNDP publishes its project information and financials, including donor reports. UNDP also hosts the secretariat of the International Aid Transparency Initiative and leads efforts to enhance usage of its data on donor funding by Member States and partners. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it has been implemented.

34. *Recommendation 4* states that *the executive heads of the United Nations system organizations that have not yet done so should regularly update guidance on donor reporting and put in place measures for professional skills development and training needed for reporting to donors, for personnel at headquarters and in the field.* Currently, most management training covers major reporting including to donors. UNDP has updated its guidance on donor reporting as part of its review of the programme and operations policies and procedures, and donor reporting is covered as part of the mandatory training for programme and project management. UNDP has made considerable efforts to strengthen the quality of reporting across the organization, including the use of evidence and data in reporting. Through rigorous quality assurance of results reported through the IRRF and results-oriented annual reports, UNDP has significantly improved the quality of the data collected and the results analysis reported to the Executive Board and to multilateral or bilateral donors. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

35. *Recommendation 5* states that *the executive heads of the United Nations system organizations that have not yet done so should systematically pursue discussions with donors with a view to include in the provisions of donor agreements the additional costs and resources associated with coordinating and supporting donor reports.* Standard donor reporting costs are covered by direct project costs and programme support costs, which are discussed with the donors and included in the cost-sharing agreement. The agreement has a clause to provide more frequent reporting at the expense of the donor. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

36. *Recommendation 6* states that *the Secretary-General and executive heads of other United Nations system organizations, in the framework of the CEB, should develop and adopt a common report template accommodating the information needs, demands and requirements of donors and the regulatory frameworks and capacities of the organizations,*

as a basis for negotiations with donors. UNDP supports the recommendation, noting that as mentioned in the review, a common report template may be more feasible for financial reporting (e.g., most donors accept UNDP certified financial reports as a common template) than for programmatic reports because of organizations' differing mandates and business models. As mentioned, UNDP already submits certified financial statements which meet the needs of most donors. If a common reporting template is to be adopted, it will require additional cost to UNDP to change the current reporting system. In addition, United Nations agency data published by the International Aid Transparency Initiative should be used as a common platform for monitoring, reporting and negotiations with donors. Bearing this in mind, UNDP highlights that recommendation 6 is not relevant.

F. Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9)

37. The objectives of the review were to: (a) assess to what extent the United Nations system organizations have in place adequate regulatory frameworks for addressing conflicts of interest; (b) assess the mechanisms and practices currently in place that address existing and potential conflicts of interest; (c) identify gaps and challenges, and propose solutions appropriate to the United Nations system organizations; (d) examine internal and inter-agency synergies, their impact in addressing conflicts of interest across the system, and make suggestions for their improvement or reinforcement; and (e) identify and disseminate best/good practices in addressing conflicts of interest at all stages: prevention, mitigation, resolution and/or sanction.

38. All six recommendations are of relevance to UNDP. Recommendations 1, 2, 4 and 5 are directed to the Administrator and recommendations 3 and 6 are directed to the Executive Board for consideration.

39. *Recommendation 1* states that *executive heads of the United Nations system organizations should direct their officials entrusted with the ethics function to map the most common occurrences and register the risks of situations exposing their respective organizations to organizational conflicts of interest, no later than December 2019.* While this appears to be an interesting proposal, it should be noted that since ethics offices are not expert in the programmatic aspects of their organizations, they are generally not involved in resolving or addressing organizational conflicts of interest. Bearing this in mind, UNDP highlights that recommendation 1 is not relevant.

40. *Recommendation 2* states that *executive heads of the United Nations system organizations who have not yet done so should direct their human resources services to introduce a mandatory conflict of interest disclosure form that should be signed by staff members, along with their declaration of office, by all staff members and other types of personnel joining an organization, whether in a short- or long-term capacity. The form should be developed with the assistance of the ethics function of the respective organization and with other functions, as appropriate, and in consultation with any future inter-agency forum.* UNDP is the first agency to have implemented this recommendation and introduced a mandatory conflict of interest disclosure form. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

41. *Recommendation 4* states that *executive heads of the United Nations system organizations who have not yet done so, in consultation with the Legal Network of the United Nations system organizations, should take the necessary steps to introduce, by December 2019, adequate legal clauses in contractual agreements with their staff and non-staff, as appropriate, binding them to the period of restriction set for their function that prohibits them from engaging in clearly defined post-employment activities for the duration of that period of time.* From a human resources perspective, the inclusion of restrictive clauses in employment contracts may act as a disincentive to accept employment with the United Nations. This is especially true of an organization such as UNDP which is increasingly

employing personnel on shorter-term contractual modalities rather than long-term appointments. In a recruitment environment where short-term expertise and talent are needed and there is intense competition for such staff, including a restrictive post-employment clause which cannot be enforced does not make strategic sense. UNDP notes that similar provisions for procurement roles have been in place since 2006, but the report of the International Civil Service Commission, while highlighting the issues, does not indicate how pervasive the problem is. UNDP highlights that it has conflict of interest clauses in its bidding documents and evaluation procedures, meaning that every time a staff member participates in an evaluation process, he/she is reminded on conflict of interest with regard to procurement. UNDP has also included the post-employment restrictions of the United Nations in its new bidding templates to be released in 2018. From a practical perspective, the UNDP Office of Human Resources does not have the resources to monitor the post-employment movements of former staff and contractors to enforce such clauses (if they are enforceable). As such, any inclusion of such clauses should be limited to roles shown to have an issue with "revolving door" employment and which are strategically important to the organization. To include post-employment clauses in all contracts is not a practical proposal.

42. The United Nations Office of Legal Affairs (OLA) has advised that the Legal Network which it manages is not part of the HLCM. OLA attends HLCM meetings in an observer capacity so that it can apprise the Legal Network during the annual meetings of issues under consideration by the HLCM networks which may be of interest from a legal perspective. Secondly, the Legal Network as understood by OLA excludes many of the legal offices of CEB or HLCM members, such as UNDP, UNICEF, UNFPA, UN-Women, the United Nations Office for Project Services and the Office of the United Nations High Commissioner for Refugees, so this recommendation would exclude them from participation in the recommended action. Bearing this in mind, UNDP highlights that recommendation 4 is not accepted.

43. *Recommendation 5* states that *executive heads of the United Nations system organizations who have not yet done so should take the necessary steps, no later than the end of December 2019, to: (a) ensure that all staff members, irrespective of their level and grade, successfully complete the initial and periodic mandatory ethics training course and obtain the respective certification; (b) link certification of the required ethics training course to the annual staff performance appraisal cycle; and (c) include ethics training in the induction training of non-staff, including refresher courses after service intervals, as appropriate.* UNDP is already implementing points (a) and (c). Concerning point (b), provided the course has been identified as mandatory, compliance and completion could be linked to the annual performance appraisal exercise. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it is in progress.

G. Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations' (JIU/ML/2017/1)

44. This management letter is a follow-up to a 2012 Joint Inspection Unit review of enterprise resource planning (ERP) (JIU/REP/2012/8). Through the management letter, the Unit requested the executive heads of participating organizations (including UNDP) to inform the Unit of any action taken individually or jointly to formulate cloud computing policies and/or frameworks including legal provisions to ensure data privacy, security and optimal use. This request relates to recommendation 4 of the 2012 review addressed for action to the Secretary-General as Chairperson of the CEB, stating that *the Secretary-General, in his capacity as Chairperson of the CEB, should direct the CEB HLCM to develop a common United Nations system policy regarding cloud-based solutions, before the end of 2014.*

45. In June 2013, a United Nations Special Interest Group on Information Security, a system-wide task force chaired by the UNDP Chief Information Security Officer, developed a white paper on a risk assessment framework for cloud computing entitled

"Use of Cloud Computing in the United Nations System; Recommendations for Risk Mitigation". The risk assessment framework was developed as an outcome of the discussion at the Information and Communication technology (ICT) Network on the need to establish a common approach for United Nations entities to assess and oversee risks from a holistic perspective. The white paper examines potential ICT risks associated with public cloud computing for agencies of the United Nations system. For the risks noted, it makes recommendations for actions or policies which might be taken to reduce the identified risks to acceptable levels. It uses ISO/IEC 27001, 27002 and 27005 (Information Security Risk Management) standards and ISO 31000:2009 (Risk Management Principles and Guidelines) principles. The scope of the white paper focuses on management, operational and technical information security risks stemming from public cloud computing services. Risks are identified and reviewed against threats arising from people, facilities and equipment, applications, communications, environmental software and operating systems in each of the primary domain areas defined in ISO 27001. The white paper is being widely used by United Nations entities.

III. Status of UNDP implementation of Joint Inspection Unit recommendations

46. In 2017, of the 35 recommendations of the Joint Inspection Unit directed at UNDP, 20 (57 per cent) have been implemented, 4 (11 per cent) are in progress, 7 (20 per cent) are under consideration, 3 (9 percent) are not relevant and 1 (3 percent) is not accepted. One of the three recommendations that are not relevant and the one that is not accepted are addressed to the UNDP Administrator and the management responses are presented as recommendations 1 and 4 respectively, respectively. Both sets of recommendations refer to the review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9). The remaining two of the three recommendations that are not relevant are addressed to the Executive Board and the management responses to each recommendation are presented in annex II, Both refer to the review on donor-led assessment of the United Nations system organizations (JIU/REP/2017/2).

47. In accordance with General Assembly resolution 60/258 of 8 May 2006, in which the General Assembly requested the Joint Inspection Unit to enhance dialogue with participating organizations and thereby strengthen the implementation of its recommendations, the implementation status of relevant recommendations contained in reports issued in 2016 and 2015 are reported in annexes III and IV to the present report.

48. UNDP has implemented 32 (67 per cent) and is pursuing 12 (25 per cent) of the 48 relevant recommendations issued by the Joint Inspection Unit in 2016. Of the 12 recommendations in progress, 8 (67 per cent) are not under the sole remit of UNDP implementation but rather are for consideration by the CEB. Of the remaining four (of the eight) recommendations that are in progress, one will be implemented by the end of 2018 and three by the end of 2020. Of the 19 relevant recommendations issued in 2015, 13 (68 per cent) have been implemented and 6 (32 per cent) are in progress. All six recommendations that are in progress are not under the sole remit of UNDP for implementation; three are for consideration by the CEB and their implementation is subject to the outcome of the process of the reform of the United Nations development system. The implementation of the remaining three are a coordinated system-wide effort, as these refer to the organizational ombudsman services across the United Nations system. Further details are provided in the web-based follow-up system accessible to Member States.

49. UNDP is committed to following up the implementation of the remaining recommendations relevant to it and to continuing its contribution to the various future initiatives of the Joint Inspection Unit.

United Nations DP/2018/11

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
29 March 2018

Original: English

Annual session 2018
4-8 June, 2018, New York
Item 5 of the provisional agenda
Country programmes and related matters

Extensions of country programmes
Note of the Administrator

Summary

The present note contains information on the extensions of the country programmes for Kuwait, the Republic of the Congo, Sierra Leone and the Syrian Arab Republic. Requests for first one-year extensions of country programmes are approved by the Administrator and presented to the Executive Board for information. Requests for second one-year extensions, two-year extensions and exceptional third year extensions of country programmes are submitted to the Executive Board for approval.

Elements of a decision

The Executive Board may wish to take note of the first one-year extensions of the country programmes for Kuwait, the Republic of the Congo and Sierra Leone from 1 January to 31 December 2019; (b) approve the second one-year extension of the country programme for the Syrian Arab Republic from 1 January to 31 December 2019.

Annex

Table 1. For information by the Executive Board: Extensions of country programmes

Country	Years covered by original CPD	Year(s) covered by extension already approved	Year(s) proposed for new extension	Extension		Reason and explanation		
				One-year	Two-year	Harmonization of planning cycles	In-country political development	Other
Kuwait	2015-2018	N/A	January – December 2019	Yes		The purpose of this extension is to align the programme cycle to the completion of the 15 ongoing projects and the finalization and implementation of the remaining four pipeline projects.		
Republic of the Congo	2013-2017	N/A	January – December 2019	Yes		The purpose of this extension is to align the programme cycle to the UNDAF, which has been extended to December 2019.		
Sierra Leone	2015-2018	N/A	January – December 2019	Yes		The purpose of this extension is to align the programme cycle to the end of the implementation of the Agenda for Prosperity and to make room for the transition following the presidential and general elections in March 2018.		

Table 2. For approval by the Executive Board: Extensions of country programmes

Country	Years covered by original CPD	Year(s) covered by extension already approved	Year(s) proposed for new extension	Extension		Reason and explanation		
				One-year	Two-year	Harmonization of planning cycles	In-country political development	Other
Syrian Arab Republic	2016-2017	2018	January – December 2019	Yes			The purpose of the extension is to allow UNDP to remain flexible at this time of uncertainty given the current context in the country, the state of the peace process and the ongoing discussion on United Nations planning.	

CPD – country programme document
UNDAF – United Nations Development Assistance Framework

United Nations DP/2018/12

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
29 March 2018

Original: English

Annual session 2018
4 to 8 June 2018, New York
Item 6 of the provisional agenda
Evaluation

Annual report on evaluation 2017

Summary

In this annual report on evaluation for 2017, the Independent Evaluation Office of UNDP presents the status of key initiatives during 2017 and looks at progress to date in applying the evaluation principles of independence, credibility and utility associated with the professionalization of the Independent Evaluation Office.

The addendum to this report (DP/2018/xx) provides a brief analysis of actions UNDP has agreed to carry out in response to evaluation recommendations from the Independent Evaluation Office.

Elements of a decision

The Executive Board may wish to: (a) take note of the annual report and its addendum; and (b) request UNDP to address the issues raised.

Contents

Page

I. Introduction 2
II. Key evaluations undertaken in 2017 3
III. Advancing global evaluation culture and practice in 2017 6
IV. Oversight and support to decentralized evaluation 8
V. United Nations Capital Development Fund and United Nations Volunteers 10
VI. Staffing and finances, 2017 11
VII. Costed programme of work, 2018-2021 12

I. Introduction

1. The annual report on evaluation 2017 details the work of the Independent Evaluation Office (IEO) in 2017. It was a transition year for UNDP as it approached the conclusion of its previous Strategic Plan, 2014-2017, and prepared for a new period under a newly approved Strategic Plan, 2018-2021, and a newly appointed Administrator, Achim Steiner. The Independent Evaluation Office supported this transition through a detailed, evidence-based evaluation of the previous strategic plan and its global and regional programmes. It provided insight and lessons to enable the transition to a new period in UNDP work to support sustainable development globally and the achievement of the Sustainable Development Goals and the 2030 Agenda for Sustainable Development. The Independent Evaluation Office stands ready to continue to capture results achieved and challenges met under this new strategic plan through its ongoing evaluation work.

2. During the year, the Independent Evaluation Office finalized its multi-year plan, 2014 to 2017. The quadrennial period saw considerable change within the office and its approach to implementing evaluation, as it cemented its independence, advanced the professionalization of evaluation and sharpened approaches to evaluation, accountability and oversight.

3. As it moves forward, the Independent Evaluation Office is aware of the increasing demand on UNDP to prove its comparative strengths and value-added proposition as a development partner that can demonstrate its impact. The office and its evaluations will continue to offer an unbiased examination of UNDP approaches and achievements. The 2016 evaluation policy and changes in the structure and oversight of the Independent Evaluation Office have strengthened UNDP accountability and transparency, and buttressed the organization's efforts to learn from implementation experience. The independence of evaluation is paramount to ensure that assessments are credible, impartial and objective, and free from undue influence, distortion or bias.

Entrenching the 2016 evaluation policy

4. The new evaluation policy, approved by the Executive Board at its second regular session 2016, saw its first full year of implementation in 2017. Key features of the policy include greater clarity of IEO independence and the Director's responsibilities, precise financial targets for evaluation, a revised committee structure for audit and evaluation, and stronger mechanisms for the implementation of management responses to evaluation.

5. In 2017, the Independent Evaluation Office received an increased funding allocation of $9 million, which enabled it to expand its commitment to a programme of work commensurate with the evaluation policy. This also fully meets funding commitments under the evaluation policy which allocates 0.2 per cent of regular (core) and other (non-core) programme budget for the Independent Evaluation Office. The office welcomes the reiterated UNDP commitment to this budget benchmark under its integrated resources plan and integrated budget estimates, 2018-2021.[1] Yet funding for evaluation in other UNDP implementing entities continues to lag behind the benchmarks set out in the evaluation policy, which commits the organization to spending 1 per cent of its core and non-core programme budget on evaluation.

Executive Board of UNDP

6. A key independence provision is the reporting line of the Director of the Independent Evaluation Office and the role of the Executive Board as custodian of the policy, which explicitly specifies that the Director reports to and is directly accountable to the Executive Board. The Independent Evaluation Office enjoys a constructive relationship with the Board, evidenced in its serious engagements at all informal and formal Board sessions in 2017, which focused on IEO thematic evaluations and reports. The high number of delegations that provided remarks and asked questions attests to the value placed on this engagement.

7. In 2017, the Independent Evaluation Office formally presented to the Executive Board for their consideration and decision:

[1] Document DP/2017/39, paragraph 22.

- *First regular session.* Evaluations of the UNDP contribution to anti-corruption and addressing the drivers of corruption, and UNDP support for disability-inclusive development;
- *Annual session.* The annual report on evaluation 2016 and the joint assessment on institutional effectiveness; and
- *Second regular session.* The evaluation of the UNDP Strategic Plan, 2014-2017, and global and regional programmes.

The Audit and Evaluation Advisory Committee

8. The Independent Evaluation Office reported regularly to the Audit and Evaluation Advisory Committee in 2017 on all aspects of its work, including presentations of thematic and country programme evaluations by lead evaluators. Having a single entity reviewing the work of the Independent Evaluation Office and the Office of Audit and Investigations, as well as the UNDP Ethics office, brings synergy and convergence to the exercise of these essential oversight functions.

The Evaluation Advisory Panel

9. In 2017, the Evaluation Advisory Panel saw its role further cemented, with the Independent Evaluation Office continuing to regularly draw on the panel's expertise to ensure the quality of its work. The panel's 12 members are experts in evaluation drawn from all areas of the globe and have an academic as well as practical understanding of evaluation. At its regular meeting in May 2017, the panel gave guidance to the office on critical changes being undertaken including, changes to the independent country programme evaluation methodology, approaches to support decentralized evaluations, challenges faced in implementing the evaluation of the strategic plan and input into the new IEO work plan. The office also drew on panel members to provide guidance on individual evaluations, independent country programme evaluations and thematic evaluations, and to provide peer reviews throughout the year, ensuring IEO evaluations were of the highest quality.

II. Key evaluations undertaken in 2017

10. This section outlines the evaluations and the main findings, conclusions and recommendations identified for the organization through eight independent country programme evaluations, the evaluation of the strategic plan, and other work undertaken during 2017.

Evaluation of the UNDP Strategic Plan, 2014-2017, and global and regional programmes

11. The evaluation of the Strategic Plan, 2014-2017, sought evidence of whether UNDP was achieving intended outcomes and whether the strategic plan, and global and regional programmes are serving as effective tools for organizing and guiding UNDP programming and activities. The evaluation was undertaken during a time of significant challenges, restructuring and reorganization efforts within the organization and was conducted in parallel with the drafting of the new Strategic Plan, 2018-2021, to which it provided evaluation-based evidence and lessons. The strategic plan evaluation is one of office's most comprehensive evaluations, with considerable research and analysis informing an extensive set of findings, conclusions and recommendations. The evaluation gathered data and evidence from document reviews, meta-analysis of evaluations and audits of UNDP work, regional and country case study missions, interviews, focus groups and surveys. Documentary evidence was supplemented by over 1,000 interviews with staff and stakeholders across the globe. Triangulating among multiple perspectives and evidential sources, the office came to judgement on the balance of UNDP performance.

12. *Inclusive sustainable development* continued to be a central focus of UNDP work globally and the evaluation found that UNDP was well positioned to provide support as countries accelerated their efforts to meet the 2015 end date for the Millennium Development Goals and to prepare for the Sustainable Development Goals. At this early juncture in implementing the Goals, UNDP has made a promising start through the mainstreaming, acceleration and policy support (MAPS) approach, which assists countries in harmonising the Goals with national planning priorities. The evaluation recommends that assisting countries with the Goals should be a cross-cutting priority for all UNDP country offices.

13. UNDP states that its overarching objective is to help the poorest of the poor and most marginalized populations. However, while evidence suggests UNDP has embedded a

multidimensional approach to poverty in national and global debates, the evaluation noted concerns that UNDP sometimes settles too easily for small-scale livelihood interventions that may not be sustainable.

14. UNDP has managed over one third of all Global Environment Facility (GEF) projects and a similar number of projects under the new Green Climate Fund (GCF). It is through environmental services that UNDP works most directly at the community level, especially through its implementation of the GEF Small Grants Programme. The evaluation recognizes UNDP achievements in assisting countries to promote greater energy efficiency and more sustainable energy production, with special attention to poor and rural communities.

15. The evaluation looked extensively at the UNDP portfolio on *governance*, an area of work where UNDP raises and expends about half of its resource, primarily to help to strengthen basic services, as well as accountability, the rule of law, electoral systems and peacebuilding. While UNDP is well positioned to promote governance reform, it can do more to push for inclusive and accountable processes. The evaluation recommends that UNDP be more proactive in supporting sectoral governance approaches and more persuasive in promoting democratic governance reforms. The evaluation gave some focus to UNDP work in helping governments improve civil service processes, especially in countries that have been in crisis and that have highlighted a need for governance support targeted to critical government functions essential for stability. The evaluation recommended that UNDP improve its strategic support to Goal 16 and related intergovernmental agreements on peacebuilding and state-building.

16. *Resilience* forms the third main area of work for the organization, and its internal organization of support for disaster risk reduction was restructured during this period, in effect, dissolving a well-recognized crisis prevention and recovery bureau. Nevertheless, the UNDP Crisis Response Unit has been effective at deploying staff and consultant resources, and at quickly releasing initial funding to get recovery programmes moving. Disaster risk reduction is an area that has important synergies with the rapidly expanding UNDP climate change adaptation support to countries. The evaluation recommended that UNDP retain resilience as a distinct area of work under the plan.

17. With respect to *gender*, the evaluation focuses especially on UNDP efforts to implement its gender equality strategy, and its contributions to women's empowerment through support to partner governments. The evaluation notes some weaknesses, such as limitations in the implementation of the UNDP gender equality strategy, both in terms of providing resources to support gender programming and in mainstreaming gender equality across UNDP programme areas. Specifically, UNDP should ensure there is gender expertise across programmatic areas such as environment, energy and crisis response, where gender mainstreaming remains weak.

18. In the past four years, UNDP has clarified its corporate structure and defined more precisely its operational approaches to *South-South and triangular cooperation*. The UNDP role as administrative agent for the United Nations Office for South-South Cooperation is acknowledged in the report, along with recent improvements made to its planning and management. Challenges remain in the mainstreaming of South-South cooperation in country-level programming, and UNDP has yet to prioritize thematic areas where it will pursue South-South exchanges more systematically.

19. The *fifth global programme* fulfils an important policy support function that has enabled UNDP to maintain intellectual engagement in the global development arena, by participating in major international events and channelling country-level lessons into global policy discussions. However, the evaluation also considered the programme's results framework and indicators to be excessive, as they cover the breadth of UNDP work under the strategic plan, including country-level results. The evaluation viewed the global programmes more as funding lines, to support staff positions for achieving corporate-wide results, than as a distinct global programme, and consequently, recommend that UNDP change the global programme into a service line for supporting staff positions at global and regional levels.

20. With respect to *regional programmes*, the Independent Evaluation Office notes the challenges faced by the teams during restructuring, including the movement of personnel from headquarters to the regional hubs, and with three of the regional hubs changing countries. The regional programmes have variably expanded support for new approaches and innovative solutions and promoted subregional programming; but in some regions, too many country-related activities overlap with country office programming. The office recommended that UNDP reassess the roles and financial

sustainability of the regional hubs, striving to make them centres of excellence for innovation and learning while expanding cooperation and partnerships with regional institutions.

21. In terms of *institutional effectiveness*, the evaluation found, building on its earlier joint assessment with the UNDP Office of Audit and Inspection, that there are signs of improvement in terms of higher-quality programming, openness, agility and adaptability; but these have had a limited impact on harnessing knowledge, solutions and expertise to improve results and institutional effectiveness, as envisaged in the strategic plan. To better promote a results culture, UNDP leadership should encourage an environment that welcomes critical reflection and continuous organizational learning for improved results and institutional effectiveness. Beyond reporting for compliance and capturing best practices, the focus should be on using lessons learned to harness knowledge, solutions and expertise to improve results and effectiveness. In building this culture, UNDP should improve transparency and communication at the most senior levels of the organization, to encourage and further improve openness and engagement.

22. Although UNDP is now a leaner, more cost-conscious organization, there has been insufficient progress on results-based budgeting, and the financial sustainability of the organization is challenged by diminishing regular resources, inadequate funding models and exchange rate losses. The Independent Evaluation Office recommends that UNDP transition from political budgeting to a more risk and results-based budgeting and management approach, more effectively linking results to resources. This will help mobilize funds and better highlight investment gaps to donors. UNDP is being held accountable to a corporate strategic plan without predictable and adequate resources.

23. The final evaluation of the strategic plan – which was well received by UNDP and the Executive Board, and gained a robust management response from the Administrator – will help to the strengthen future UNDP work and implementation of the new Strategic Plan, 2018-2021.

Tracking implementation of Independent Evaluation Office recommendations[2]

24. In 2017, the Independent Evaluation Office reviewed previous thematic and country programme evaluation follow-up by UNDP. The vast majority of evaluation recommendations come with management responses setting out specific key actions; however, actual implementation is uneven and reporting is poor. Only 55 per cent of key actions (across 62 reports analysed), were completed, with the remainder: (a) "initiated or ongoing without a due date" (29 per cent); (b) overdue (10 per cent); (c) not yet initiated (4 per cent); or (d) marked as no longer relevant (2 per cent). To strengthen oversight and implementation, the office will strengthen guidelines for the follow-up and scheduling of key actions, revise the evaluation resource centre database to better track actions taken, and regularly oversee and follow up with UNDP on the results of such actions taken in response to IEO evaluation recommendations.

Independent country programme evaluations, 2017

25. In 2017, the Independent Evaluation Office made its final transition from assessments of development results to independent country programme evaluations, and finalized its new approach methodology. Over 100 countries have been evaluated under assessments of development results since 2002. In 2017, independent country programme evaluations were carried out in eight countries: Bhutan, Chile, Republic of the Congo, Kuwait, Namibia, the Philippines, Rwanda and Togo; they will accompany the country programme documents presented to the Board in 2018.

26. The UNDP Strategic Plan, 2018-2021, reaffirms that UNDP country offices are the programmatic and operational backbone of the organization. Country programme documents, developed in cooperation with governments at the start of each new cycle, remain the principal documents that set forth the strategic direction for UNDP engagement in countries over a four or five-year planning cycle. Beginning in 2018, the Independent Evaluation Office will cover 100 per cent of evaluations submitted to the Board in any given year. In order to meet the request of the Board to evaluate all country programmes coming to the end of their cycle, the independent country programme evaluations team has been strengthened and enlarged. At the same time, in order to ensure quality evaluations within a reducing budget envelope, the office has further tightened the methodological approach to allow for quicker turnaround of evaluations.

[2] This report is provided as an addendum to the annual report on evaluation 2017 for the information of the Executive Board.

Charter of the Independent Evaluation Office

27. As part of the independent country programme evaluations reform process and the overall professionaiization of the evaluation function, the Independent Evaluation Office finalized its charter that details the mandate, authority and accountability of the office and defines how it undertakes thematic and country-level evaluations and how it operationalizes its independence. The office will share final charter with UNDP management and programme offices prior to its roll out in 2018.

III. Advancing global evaluation culture and practice in 2017

28. The nature and location of the Independent Evaluation Office provides it with a strategic advantage to be influential, given its role in the United Nations, the United Nations Evaluation Group (UNEG) and its particular evaluation mandate. Development interventions, whether led by government or development partners such as the United Nations, should be built on lessons from evaluations and principles of transparency and accountability. The pursuit of normative goals, such as transparency and accountability, is consistent with United Nations values and UNEG norms and standards. Across the United Nations system, demand for fully independent evaluation functions is increasingly evident and is illustrated by changes being made to evaluation policies in many United Nations organizations. Comments received by the office from its Executive Board and partner governments attest to a growing global demand for credible, independent commentary on performance, and reflect the importance placed on establishing and maintaining a culture of accountability. Development funders demand to know the level of value added when United Nations organizations are bestowed with funds and responsibilities.

National Evaluation Capacities Conference 2017

29. In 2017, the Independent Evaluation Office organized the National Evaluation Capacities Conference in Istanbul from 18 to 20 October, which brought together more than 500 participants from over 110 countries under the banner of People, Planet and Progress in the Sustainable Development Goals Era. The conference, preconference workshops and presentations offered an opportunity for government officials and development partners to share experiences and learn from their engagement with evaluation and the Goals agenda. The unprecedented turnout at the event, far beyond the original target of 300, is a testament to the increasing interest from national governments in developing credible and comprehensive evaluation systems.

30. The conference was the fifth in a series of biennial conferences on national evaluation capacities, each hosted in a different region.[3] The 2017 conference was co-hosted by UNDP, the Independent Evaluation Office, the Regional Bureau for Europe and the Commonwealth of Independent States, and the Government of Turkey, with technical support from the European Evaluation Society. The conference was preceded by 13 technical training workshops offered over two days on 16-17 October. The unexpectedly high demand for the workshops attests to the interest in evaluation training, particularly in relation to implementation of the Goals.

31. Over the three days, more than 30 conference sessions provided multiple spaces for exchange of experiences and lessons learned between peers, comparisons of theory and reality by academics and evaluation and development practitioners, debates between evaluators and evaluands, and brainstorming on the guiding questions of the conference: In the current, rapidly evolving development context and the framework of the Goals, how do principles and practices of evaluation need to change? What are the implications for national evaluation capacities?

32. With generous contributions from the governments of Finland, Sweden, Norway and the Netherlands, the Independent Evaluation Office was able to put in place a bursary programme to assist participants from official development assistance (ODA)-eligible countries to attend the conference. A total of 71 participants were awarded a full bursary, covering their travel, subsistence and registration costs

[3] The 2017 National Evaluation Capacities Conference follows the Bangkok 2015, Sao Paulo 2013, Johannesburg 2011 and Casablanca 2009 conferences (http://web.undp.org/evaluation/nec/nec.shtml).

Independent Evaluation Office support and engagement with the United Nations Evaluation Group (UNEG)

33. The Independent Evaluation Office continues to support and host the United Nations Evaluation Group, a voluntary network of 47 units responsible for evaluation in the United Nations system, including funds, programmes, specialized agencies and affiliated organizations. In addition to the Director serving as UNEG vice-chair in 2017, the office hosted the UNEG secretariat, covered $300,000 in costs for UNEG secretariat staffing, including 20 per cent of the Deputy Director's time as the UNEG executive coordinator; 100 per cent of costs for a programme specialist; contributions for an operations specialist, an information technology specialist and other staff, as well as operating costs. In addition, UNDP also contributes to the UNEG annual membership fee and sponsors some of its work programme activities.

34. In 2017, the IEO Director continued to lead UNEG working group three (evaluation informs system-wide initiatives and emerging demands), which in 2017 further discussed strengthened coordination of evaluation across the United Nations system, and the use of evaluation for the Goals. The UNEG chair and the IEO Director met with and worked closely with Deputy Secretary-General Ms. Amina Mohammed to discuss the future of system-wide evaluation within United Nations reform to strengthen and support the move towards more collective accountability and learning. The office also supported and represented UNEG during the July High-Level Policy Forum, where it presented evaluation as a mechanism for effective national follow-up and review of progress towards the Goals.

Global evaluation influencing, outreach and advocacy

35. During the year, the Independent Evaluation Office directorate and staff participated in a number of global learning platforms, in addition to the National Evaluation Capacities Conference and UNEG activities, pursuing the global focus on evaluation and embedding the needed for this key oversight, accountability and transparency tool.

36. The Independent Evaluation Office participated in the Latin America and the Caribbean evaluation week in Mexico in June, as well as other events in the region to further strengthen evaluation for the Sustainable Development Goals. The office also participated in the Bishkek Global Evaluation forum in Kyrgyzstan, in addition to continued support to both meetings in 2017 of the Organisation for Economic Co-operation and Development's Development Assistance Committee Network on Development Evaluation, where the office represented UNDP interests and views. In 2017, the office's directorate and staff were invited to Norway, Japan and Washington, D.C., to participate and discuss their experience in evaluation, the role independence plays in all its work, and the role of evaluation in advancing the Goals.

Communications and outreach

37. The Independent Evaluation Office continued to diversify and broaden its commination tools to reach new audiences, enhance the utility of evaluation, and encourage broader sharing of findings, which included the production of several reports and advocacy products and continuous dialogue through its social platforms. Analytics on the IEO website registered over 140,000 visitors in 2017, with more than 10,000 followers on Twitter. The office launched a revamped website in 2017 to improve its usability across electronic devices and provide an interactive experience, with better speed and global navigation.

38. The Evaluation Resource Centre, an agency-wide repository of evaluations, continues to expand its detailed database of evaluation reports and terms of reference developed and implemented by UNDP as a whole, further strengthening the transparency of the organization as a whole. The website now holds over 4,000 evaluations and terms of reference, with downloads having reached 34,500 in 2017.

Country-led evaluations in the era of the Sustainable Development Goals

39. The National Evaluation Diagnostics Guidance, a new initiative undertaken by the Independent Evaluation Office to support the strengthening of the national evaluation function, provides tools for step-by-step capacity diagnosis and action points in developing a country's evaluation framework for their national development strategies, which includes the Goals. The guidance and the online tool will be piloted in 2018. It is designed for use by government entities and is flexible, enabling use at all levels of government: federal, regional/state and local authorities.

IV. Oversight and support to decentralized evaluation

Investment in evaluation, 2017

40. In 2017, UNDP spent $21.73 million on evaluation, 0.48 per cent of core and non-core UNDP fund utilization.[4] This marks an increase in expenditure from 2016, when $19.85 million was spent, though the percentage of core and non-core budgets remains similar.[5] The Independent Evaluation Office utilized a budget of $9.03 million for evaluations, institutional activities, staff and rental costs. Country office-level expenditure for evaluations, accounting for evaluation and staff costs, was $10.56 million (results-oriented annual report, 2017). At the headquarters and regional bureau levels, $2.17 million was budgeted for evaluation, including staff and evaluation costs. [6]

41. Though the evaluation policy calls for clarity in the funding of evaluation and the delineation of the evaluation and monitoring function, the budget and resource allocation picture remains unclear at the country, regional and global levels, and funding allocations appear fungible across the organization.[7] Going forward, it is essential that clear guidance on financial and human resources allocation be given to regional and country offices in order to delineate monitoring and evaluation costs and to capture all evaluation-related expenses and time allocations.

Decentralized evaluation implementation, 2017

42. UNDP country offices, regional bureaux and headquarters completed 315 evaluations planned for 2017. This marks an increase in the number of (and budget for) decentralized evaluations implemented, compared to 2016 (283), and suggests a high implantation compliance rate compared to plans (89 per cent).

43. There has been an increase in the number of UNDP project evaluations undertaken, 158 compared to 127 in 2016. However, mandatory evaluations continue to make up a considerable proportion of evaluation plans and implementation. This year, mandatory evaluations, such as the GEF terminal and mid-term evaluations and reviews, and the United Nations Development Assistance Framework (UNDAF) and outcome evaluations, accounted for 50 per cent of those completed. GEF evaluations continued to account for a third of all evaluations (35 per cent in 2017). The declining trend in decentralized evaluations identified in 2016 has somewhat halted and, as mentioned, 2017 saw an increase in the number.

44. Annually, UNDP commits to undertake a considerable number of decentralized evaluations in order to strengthen its own learning and improve project and programme implementation. The existing guidelines of what should be subject to evaluation remains flexible, leading to considerable variability across implementing units of what they intend to evaluate, when designing their evaluation plans. At the same time, the portfolio of evaluations being undertaken currently lacks full independence. As a result, the UNDP decentralized evaluation approach and annual portfolio of evaluations does not ensure full accountability and transparency of implementation.

Evaluation planning vs. implementation

45. At the time of the Executive Board's annual session 2017, the Independent Evaluation Office reported 505 decentralized evaluations planned for 2017, with a total budget of $15.5 million.[8] At that time, the office voiced its concern with the ambition of this goal, which it reiterated during regional planning workshops held in 2017. In October 2017, the number of planned evaluations was 563 evaluations ($18.5 million). Between October 2017 and January 2018, evaluation plans for the year were adjusted to the extent that 40 per cent had been removed or had completion dates changed beyond 2017.[9] While some adjustment to plans may be justified, given the exigencies of project implementation (such as delayed approval and initiation of particular projects), evaluation planning

[4] The UNDP Administrator's annual report 2017 details core and non-core fund utilization of $4.5 billion

[5] The assessment of development results 2016 reported $19.85 million were spent on evaluation, 0.44 per cent of core and non-core budget expenditure of $4.48 at the time of the writing of the assessment 2017.

[6] Country offices' budget from the results-oriented annual report 2017 includes evaluation costs and staff. Regional bureau costs are based on Evaluation Resource Centre evaluation data and estimated evaluation staff costs for full and part time monitoring and evaluation staff.

[7] Overall monitoring and evaluation spending recorded through the results-oriented annual report was $58,762,343 during 2017. Evaluation accounted for 19.5 per cent.

[8] Evaluation Resource Centre data presented at the informal Executive Board meeting, 25 May 2017.

[9] Changes included new evaluations added to plans, evaluations deleted and completion date changes.

and the procedures and justifications for adjustments to evaluation plans need to be clarified and oversight strengthened to ensure that evaluation commitments given at the start of the country programme cycle are met. The office will strengthen tracking and reporting within the Evaluation Resource Centre to ensure changes can be easily overseen and identified to monitor evaluation commitments given at the start of a cycle.

46. Preliminary data indicates 460 decentralized evaluations are planned for 2018, with a budget of $15.5 million.[10]

Assessing the quality of decentralized evaluations

47. No adjustments were made to the quality assessment tool in 2017 to ensure consistency of findings; however, the scope has now been expanded to cover all evaluations, including UNDAF evaluations.[11] The quality assessment process for 2017 has identified a decline in quality compared to 2016, with the percentage of evaluations with a satisfactory rating falling from 28 to 20 per cent In 2017, 1 per cent of evaluations were highly satisfactory (3), 20 per cent were satisfactory (52) and 53 per cent were moderately satisfactory (138). The quality of 26 per cent (68 with a budget of $2 million) fell far short of UNDP standards.[12]

48. Evaluation quality across regions varies somewhat, with the Arab States, Europe and the CIS, Latin America and the Caribbean showing some improvement compared to 2016. A more detailed analysis of the quality assessment findings will be undertaken during 2018, and suggested changes in evaluation management will be included in the updated guidelines in an attempt to improve evaluation quality and halt further quality decline. UNDP will need to ensure a greater oversight, implementation and approval system that provides clear guidance and rejection of poor terms of reference and the review and rejection of poor quality evaluations.

Evaluation plan compliance

49. Of the 19 countries whose plans ended in 2017, 17 showed a 100 per cent completion rate, while two were partially complete, with over 75 per cent of evaluations completed. However, this does not reflect the fact that during an evaluation plan's cycle, it can be adjusted many times; and while country offices may be compliant with plans at the end of the cycle, they may not be fully compliant with their original evaluation plans or the spirit thereof. As mentioned, the Independent Evaluation Office is ensuring more detailed oversight of plans throughout their life to establish a clearer picture of compliance.

Decentralized evaluation support in 2017

50. Further to requests from the Executive Board, and as outlined and agreed in the 2016 evaluation plan and previous reports to the Executive Board (DP/2016/13 and DP/2017/20), in 2017 the Independent Evaluation Office fully committed to strengthening the evaluation function at the decentralized level and drove a number of initiatives forward, undertaken in close collaboration with the regional bureaux. The office has previously outlined its strategy of support to decentralized evaluation, which focuses on five key areas that directly support the implementation of decentralized evaluations and strengthen the oversight of decentralized evaluation planning and implementation.

51. *The revised quality assessment tool* is now in its second year of implementation, and provides regions and country offices with feedback on the quality of commissioned evaluations across the organization to enable implementation lessons to be captured and actions taken to address poor quality evaluations.[13]

52. In 2017, *training and feedback workshops were conducted with regional and country offices* to obtain feedback from monitoring and evaluation focal points and other UNDP staff on the needs of country offices to strengthen decentralized evaluations. The regional bureau workshops, financially supported by the Swiss Agency for Development and Cooperation, enabled the Independent Evaluation Office to deliver training and guidance on evaluation planning, budgeting,

[10] Evaluation Resource Centre data, 31 January 2018.

[11] In 2016, the quality assessment process was not undertaken for UNDAF evaluations, country programme evaluations commissioned by country offices or thematic evaluations.

[12] As of March 2018, 261 quality assessments of evaluations had been completed.

[13] http://web.undp.org/evaluation/documents/quality-assessment/DE_QA_2016.pdf.

implementation and use to monitoring and evaluation focal points and UNDP country office management, advisers and programme staff. These workshops were undertaken throughout 2017 and were aligned with other regional planning trainings, including country programme document development and theory of change; they were successful in fully or partially financing the inclusion of 126 country office monitoring and evaluation focal points from 121 countries.[14]

53. The regional workshops covered a variety of evaluation issues and concerns, and were, in many cases, the first evaluation training some monitoring and evaluation focal points and other staff had received. The workshops introduced the new evaluation policy, and provided detailed analysis and guidance on the current evaluation approach and the large variances apparent in plan's content and budgets between countries and regions. Considerable discussion was held on current guidance for evaluation implementation, and feedback was sought for the forthcoming updating of the evaluation section of the handbook on planning, monitoring and evaluating for development results (published 2009 with some updates 2011). The workshops were highly appreciated, and there have been requests for further workshops in 2018 to further clarify planning and budgeting for evaluation and other issues.

54. *The Evaluation Resource Centre and evaluation consultant database was revised* to support country offices and regional bureaux in their daily evaluation implementation and oversight of evaluation. Revisions include strengthening of the database of consultants, and access to and reporting on quality assessments. Several further adjustments are being made.

55. *The revision and update of the evaluation guidelines (2009)* has started and will be finalized in 2018.

56. The Independent Evaluation Office will *develop evaluation capacity, training and certification* based the revised guidelines to enable all monitoring and evaluation focal points and programme staff to obtain the technical skills to implement evaluations.

V. United Nations Capital Development Fund and United Nations Volunteers

57. The Independent Evaluation Office continued to support the United Nations Capital Development Fund (UNCDF) and United Nations Volunteers (UNV) in various capacities in 2017. This included a full quality assessment of all evaluations undertaken by both organizations in 2017 as well as detailed feedback, cooperation and guidance on the development of the UNCDF Strategic Framework, 2018-2021, in alignment with the development and submission of the UNDP Strategic Plan, 2018-2021, to UNDP Executive Board in 2018.

58. UNCDF continued to invest heavily in its evaluation function in 2017, completing two external midterm and final project evaluations: the Local Finance Global Initiative, which introduces new approaches to 'last mile' infrastructure finance by the public and private sectors in Benin, Tanzania and Uganda, and the global CleanStart programme, which promotes increased financing and development of markets for clean energy solutions for the poor in Cambodia, Ethiopia, Myanmar, Nepal and Uganda. A third evaluation, begun in 2017 and completed in 2018, was the Local Climate Adaptive Living Facility, which aims to increase the amount of finance available to local governments in least developed countries for climate change adaptation. A fourth evaluation, launched in 2017, of its Mobile Money for the Poor programme aims to support the scaling up of sustainable branchless, mobile financial services to the poor in developing countries. Total evaluation expenditure for the year was $691,865 (including $32,000 from the Independent Evaluation Office for the results measurement review), drawn from both core and non-core resources. This represented just over 1 per cent of total UNCDF expenditure and includes the cost of evaluations and the running costs of the UNDCF Evaluation Unit, including staffing costs of an evaluation specialist and an evaluation analyst.

59. In support of the new UNCDF Strategic Framework, 2018-2021, the UNCDF Evaluation Unit commissioned an external review of the UNCDF results measurement system, funded by the Independent Evaluation Office. It also oversaw a synthesis review exercise that summarized key evaluation results under the strategic framework, and it supported, from an evaluability perspective, the conceptualization and early drafting of the new UNCDF integrated results and resources matrix, 2018-2021. The Evaluation Unit also prepared an evaluation plan for UNCDF for 2018-2021,

[14] Arab States in November 2016, Asia and the Pacific in May 2017, Africa in June-July 2017, Latin America and the Caribbean in September 2017, and Europe and CIS in October 2017.

annexed to the strategic framework, that sets out a series of priority evaluations to be conducted at both the project and programme and, resources permitting, at the broader strategic and thematic levels.

60. The UNV budget for evaluation in 2017 totalled approximately $271,000, drawn from core and non-core resources, including special voluntary funds. The budget covered the cost of the two corporate level evaluations, one project evaluation and the salary of one evaluation specialist.

61. In 2017, UNV concluded the first phase of the transitional evaluation plan by undertaking two evaluations identified in 2016 to address immediate organizational information needs. These included the evaluation of the UNV Strategic Framework, 2014-2017, and the evaluation of UNV work on gender equality and women's empowerment. These evaluations included extensive stakeholder engagement and focused on relevant and practical recommendations to inform the future work programme of UNV. These evaluations provided accountability for the results achieved during the 2014-2017 strategic framework period, and provided recommendations that are being implemented to enhance and support the UNV Strategic Framework, 2018-2021, and the organizational transformation of UNV.

62. In addition, UNV continued to provide technical support and quality assurance to decentralized project evaluations; it completed the final evaluation of UNV support to the Local Governance and Community Development Programme II in Nepal. Furthermore, two project evaluations which directly assess results of UNV work on volunteer infrastructures have been initiated and are expected to be completed in the first quarter of 2018. These will provide direct and relevant information to inform future UNV work on volunteerism.

63. In order to promote effective evaluation work planning, quality assurance and, as a response to the evaluation of the UNV Strategic Framework, 2014-2017, recommendations, UNV is conducting an evaluability assessment of its Strategic Framework 2018-2021. This will directly inform the next UNV evaluation work plan and improve reporting mechanisms for the new strategic framework. Finally, the current development of UNV-specific guidance for monitoring and evaluation will support implementation of results-based management at all levels of UNV and address monitoring and evaluation processes.

VI. Staffing and finances, 2017

64. Independent evaluation is highly contingent upon triangulation among perspectives, methods and evidential data sets. Likewise, the nurturing and development since 2012 of cultural and professional disciplinary diversity have been an integral priority in the development of the Independent Evaluation Office and have been a foundation of the office's recruitment, staffing, internal governance arrangements and body of methodological practices.

Independent Evaluation Office staffing

65. In 2017, the Independent Evaluation Office established a formal section structure to replace the previous semi-formal committee structure. This was made possible following a number of developments, including the approval of a request for additional staff; commitments to fund the office's thematic and corporate evaluations, strengthen and support decentralized evaluations, and professionalize evaluation within the office; and the move away from subcontracting evaluations. These developments have made this expansion essential and the restructuring necessary to ensure the office's smooth operation. The office now operates through four sections, including the Independent Country Programme Evaluations Section, the Corporate Evaluation Section, the Capacity Development Section and the Operations Section.

66. The Independent Evaluation Office now has 29 staff: 21 international professional staff and eight general service staff; though seven of these positions are temporary, the office hopes to make them fixed in the future to ensure it is able to meet its commitments. The office has full gender parity across its professional staff, and continues to have a broad range of evaluation experience. Additions in 2017 means the office now has professional staff from 18 countries speaking over 15 languages, with an average of over 15 years experience in evaluation and development, and a considerable range of diverse working experiences, education and membership in professional organizations across the globe.

Finances

67. The Independent Evaluation Office utilized $9.03 million in 2017 for evaluations and other

institutional activities (including staffing and rent). Of that, $8.67 million came from core resources, representing an overspend of $360,000 which was possible due to a budget override on staff salaries and entitlements. The 2017 budget for the office represents 0.2 per cent of overall core and non-core funds.[15]

68. The Independent Evaluation Office continues to partner strategically and selectively with external development agencies and governments in order to advance the evaluation mandate and function within UNDP and externally. In 2017, the office continued or entered into strategic partnerships with the governments of Finland, Norway, Sweden and Switzerland to support, strengthen and expand its work through the National Evaluation Capacities Conference and the National Evaluation Capacities diagnostic tool and through its decentralized evaluation support, among other areas. These cost-sharing agreements amounted to $562,000. The National Evaluation Capacities also saw considerable in-kind and directly funded contributions from the Government of Turkey in organizing the conference.

VII. Costed programme of work, 2018-2021

69. This section details the Independent Evaluation Office's approved multi-year evaluation plan, 2018-2021 (DP/2018/9).[16] This is the first multi-year plan under the new evaluation policy and is in line with the office's commitments under the policy to "present to the Executive Board a multi-year evaluation plan aligned with the UNDP strategic planning cycle: the programme of work is to be adjusted annually through a costed programme of work presented to the Executive Board in the annual reports on evaluation" (evaluation policy, paragraph 46).

Indicative annual budget for the Independent Evaluation Office, 2018-2021

70. Planning of the Independent Evaluation Office during 2018, and for the remainder of the multi-year evaluation plan to 2021, is based on budget projections derived from the UNDP integrated resource plan and integrated budget, 2018-2021 (DP/2017/39), presented at the special session of the Executive Board in November 2017. The budget plan establishes a resource envelope for the independent Evaluation Office of $42.1 million for 2018-2021, which, if apportioned equally over four years, provides an annual budget of just over $10.5 million. Subtracting the annual cost of office rental and utilities, approximately $10 million would remain for staff salaries and programme expenditures.

Independent country programme evaluations	2.9	28%
Corporate and thematic	2.8	27%
Evaluation capacity	1.7	16%
Directorate	1.6	15%
Operations	0.7	6%
Operating expenses		
Premises	0.5	5%
General operating expenses	0.2	2%
Other/miscellaneous	0.1	1%
	$10.5 m	100%

Corporate Section

71. Under the multi-year plan, the Corporate Section will develop an array of corporate and thematic evaluations, which will culminate in a further comprehensive evaluation of the UNDP Strategic Plan, 2018-2021, for presentation in 2021. Meanwhile, the subjects for interim thematic

[15] The UNDP Administrator's annual report 2017 details core and non-core fund utilization of $4.5 billion

[16] Document DP/2019/9: Decisions adopted by the Executive Board at its first regular session 2018

evaluations will be aligned with the UNDP Strategic Plan, 2018-2021, with an element of flexibility, especially in the latter years of the planning cycle, to enable further deliberation with the Executive Board and UNDP management during 2018 and 2019. In 2018, the Independent Evaluation Office will undertake evaluations of UNDP inter-agency pooled financing and operational services and UNDP support to least developed countries for social protection and poverty reduction. In addition, in line with the common chapter of the UNDP Strategic Plan, 2018-2021, the Independent Evaluation Office will work closely with UNFPA, the United Nations Children's Fund and the United Nations Entity for Gender Equality and Women's Empowerment to explore and identify areas of possible joint and collaborative evaluation, across areas of joint strategic focus and work.

Independent Country Programme Evaluations Section

72. The move to 100 per cent coverage of independent country programme evaluations (ICPE) is a considerable change for the Independent Evaluation Office and has been supported by changes in methodological approach and an increase in professional staff. These evaluations have, in principle, moved away from consideration of two cycles to one (current) programme cycle, focused on capturing lessons that will directly inform the process of formulating a new country programme strategy in the following cycle. In 2018, 15 country programme evaluations are planned, which will accompany country programme documents being presented to the Board in 2019. This number will increase in 2019, with 37 country programme evaluations scheduled to be undertaken.

73. The Independent Evaluation office will also report to the Executive Board annually beginning in 2018 with a synthesis of results and lessons from ICPE assessments.

Capacity Development Section

74. The Independent Evaluation Office will expand its support to evaluation capacity development within UNDP and beyond. Regarding support to the decentralized evaluation function, the office will continue to deliver guidance and training on evaluation implementation; the extent, however, will depend on available financial resources. At the same time, the Capacity Development Section will work more closely with regional evaluation focal points to strengthen the oversight of decentralized evaluations, including evaluation plan design and implementation. The office will also increasingly engage, through training and planning advice, with country office and management to ensure increased commitment to evaluation.

75. Regarding support to national evaluation capacities, the office is now reviewing the lessons learned from the series of five National Evaluation Capacities Conferences to develop a strategy for future support, which will include piloting of the diagnostic tool in collaboration with UNDP programme teams. The Capacity Development Section will build on the positive outcome of the conferences, and is currently planning its next engagement either regionally or globally to build national evaluation capacity. It will build on the support given to evaluation and the Goals throughout 2018 and beyond, and will ensure the office engages across a range of regional evaluation and Sustainable Development Goals platforms.

United Nations DP/2018/12/Add.1

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
29 March 2018

Original: English

Annual session 2018
4 to 8 June 2018, New York
Item 6 of the provisional agenda
Evaluation

Annual report on evaluation, 2017

Status of implementation of the Independent Evaluation Office recommendations, 6 March 2018

Addendum

Summary

This addendum to the annual report on evaluation 2017 (DP/2018/12) provides a brief analysis of actions that UNDP has agreed to carry out in response to evaluation recommendations from the Independent Evaluation Office. The analysis highlights significant gaps in the management response tracking and reporting system that make it difficult to determine whether promised actions are taking place and achieving results. The report sets out a series of steps that the Independent Evaluation Office is taking to establish guidelines, improve tracking systems and deepen the analysis of management response action implementation and results.

Contents

Page

I. Introduction 2
II. Review findings 3
III. Strengthening the tracking of management response actions 5
IV. Independent Evaluation Office plan and deadlines for guiding and tracking management response implementation 6

I. Introduction

1. This addendum to the annual report on evaluation 2017 provides a brief review of the status of evaluation management response action implementation at UNDP. The review highlights gaps in the management response tracking system and references practices at other United Nations organizations in order to underscore the need for a more dedicated approach to management response action follow-up at UNDP. The analysis covers 62 evaluations carried out by the Independent Evaluation Office (IEO) between 2012 and 2016, and includes a more detailed analysis of a representative sample of these evaluations. The review also considers the current management response uploading and tracking features of the Evaluation Resource Centre (ERC).[1]

2. The Independent Evaluation Office has carried out the review in response to the Executive Board request that it pay greater attention to the implementation of management response actions, recognizing that a critical component of its oversight function is not just the production of assessments, but also whether evaluations are helping improve UNDP results.[2]

3. Since the adoption of the first evaluation policy in 2006, the Executive Board has consistently stressed the importance of ensuring that management responses are provided for all evaluations.[3] Periodically, the Board has requested that UNDP report on its progress in "implementing the evaluation recommendations" of specific evaluations and on "follow-up to management responses" in general.[4] UNDP has complied with such Board requests, most recently in its report to the Board on the implementation of recommendations of the evaluation of UNDP contribution to poverty reduction (DP/2016/26). UNDP has also noted in its strategic planning efforts that it has considered the findings, conclusions and recommendations from evaluations carried out by the Independent Evaluation Office, including multiple references to evaluation findings in its Strategic Plan, 2018-2021.

4. Through its annual reports on evaluation, the Independent Evaluation Office has catalogued a high rate of management response production, regularly above 90 per cent.[5] Yet it has been less successful in implementing the planned actions set out in these management responses. The reporting of actions in response to IEO evaluation recommendations has been haphazard, and scant evidence has been provided as to whether planned actions have been completed, whether they have resulted in changes to operations and programming, and whether they have led to improved performance and results. Reporting on management response actions has not been a high priority under UNDP results-based management structures, and there are insufficient guidelines in place for tracking and reporting on management response actions.

5. The Independent Evaluation Office is now working with UNDP management to more systematically assess and report on the results of actions taken in response to IEO recommendations.[6] As first steps in this effort, the office is enhancing the tracking and reporting tools of the Evaluation Resource Centre to better track management response actions and results. It is also developing new UNDP evaluation guidelines to clarify response action reporting requirements; the office will provide detailed analyses of management response actions and their results in subsequent IEO annual reports on evaluation. These steps should lead to improvements in the quality and utility of evaluation recommendations, and more realistic planning of actions in response. Ultimately, this effort should lead to improved UNDP performance and results.

[1] The Evaluation Resource Centre is a searchable, publicly accessible repository of all UNDP, United Nations Capital Development Fund and United Nations Volunteers evaluations, and respective management responses and resulting actions (erc.undp.org).
[2] Executive Board decision 2010/15.
[3] Executive Board decisions 2010/15 and 2015/8.
[4] Executive Board decisions 2008/17, 2009/23, 2012/2 and 2015/17.
[5] Document DP/2012/20, paragraph 26.
[6] Annual report of evaluation 2016, paragraph 34.

II. Review findings

Current management response procedures provide broad guidelines for follow-up and reporting on the implementation of actions in response to IEO evaluation recommendations, without strict or systematic oversight.

6. UNDP evaluation management response procedures were defined by a 2009 guidance note prepared by the Executive Office in consultation with Independent Evaluation Office. The guidance note sets out the UNDP management and staff roles and responsibilities in the follow-up process after an IEO evaluation has been drafted, and includes the management response drafting and action implementation reporting requirements. The guidance note was posted on the IEO intranet, but received limited attention and has not been updated. The UNDP Handbook on Planning, Monitoring and Evaluating for Development Results, developed in 2009 and revised in 2011, notes the importance of management responses and includes, as its annex 6, a template for management responses that remains in use. It does not otherwise discuss or detail the process of tracking and reporting on management response actions. The handbook discussion on management response is primarily focused on decentralized evaluations, with only fleeting reference to management response requirements when the Independent Evaluation Office evaluates.

7. Management response development and the carrying out of actions in response to evaluation recommendations is the responsibility of the UNDP entity being evaluated: country offices, regional bureaux and management at UNDP headquarters. Responsibility for overall tracking of such efforts lies with the evaluation focal points in each of the regional and headquarters bureaux, coordinated through the Development Impact Group within the Bureau for Policy and Programmed Support (BPPS). BPPS has tracked overall compliance with the requirement to produce management responses of IEO evaluations, and periodically sends reminders for evaluation focal points to update management response action status.

While UNDP is meeting its objective to produce management responses for all IEO evaluations, the implementation and reporting on planned actions is weak.

8. IEO analysis of the implementation of actions in response to recommendations, as contained in the 62 evaluations conducted between 2012 and 2016, show that the production of management responses for IEO evaluations is over 90 per cent. It is important to note, however, that the uploading of final management responses to the Evaluation Resource Centre database has been inconsistent. Eight (13 per cent) of IEO evaluations reviewed did not have management responses available on the ERC website at the time of this analysis.[7] Having a management response online and publicly available makes a difference. In six (out of eight) of the evaluations without an online management response, no key actions were identified or taken.

9. The posting of a management response to the Evaluation Resource Centre is only the first step. Subsequent steps are expected in order to implement the agreed actions, and periodically update the response to indicate actions taken. Here, however, the system brakes down. Fifty-four IEO evaluations with completed management responses were reviewed; combined, they yielded 877 actions in response to 392 recommendations. Just over half of the proposed actions (487) were marked complete; 84 were overdue, 35 were not initiated, and 16 were marked as "no longer relevant". The remaining 255 actions (29 per cent) were marked as either ongoing without due date or initiated with no further information. It is currently not possible to validate the timing of management response updates posted online, because the uploading procedures in the Evaluation Resource Centre capture only the last input of data; previous entries are not saved.

Status of key actions	Number of key actions	Percentage
Completed	487	55%
Overdue	84	10%
Not initiated	35	4%
Marked as no longer relevant	16	2%

[7] One of the eight evaluations had a partially completed management response online.

Initiated or ongoing without due date	255	29%
Total	**877**	**100%**

Reporting through the Evaluation Resource Centre on the status of management response actions is haphazard and may underestimate what is taking place.

10. An in-depth analysis of 10 representative evaluations show that country offices and bureaux typically stop updating the status of action implementation after a year, counting from the completion date of an evaluation. Persons interviewed were not aware that a longer duration for tracking management response actions was expected, nor were they aware that the Evaluation Resource Centre has been set up to track the status of actions for up to five years. The focal points suggested that the implementation of actions is significantly higher than what is being reported in the Evaluation Resource Centre, with some stating their performance surpasses 80 per cent, and that their offices are following up on management response action completion during quarterly programming meetings.

11. In its reporting to the Board in 2016 on the midterm review of the previous UNDP Strategic Plan, 2014-2017, UNDP presented achievements under the integrated results and resources framework, including implementation rates of agreed actions on evaluation management responses to IEO evaluations. The implementation rate was reported as 82 per cent in 2014 and 83.5 per cent in 2015.[8] Such a large gap between what has been recorded in the Evaluation Resource Centre and what has been otherwise reported by offices and bureaux through the integrated results and resources framework needs further analysis and validation, and suggests the need for clearer guidance and refined ERC tracking tools.

12. The ways in which UNDP engages with partner governments can add complexity to management response action implementation. Focal points noted they sometimes found it difficult to set strict deadlines for actions, as there can be a series of subactions at the project or programme level needed in response to an action in the management response reporting matrix. In such cases, deadlines are sometimes arbitrarily set to conform to when the programme expects most of the essential steps in the overall action to be completed. In one example, a recommendation called for ensuring that project documents included an outcome matrix which should derive from the country programme's planned outcomes. To fully implement the recommendation, the office felt it needed to wait until all current projects in process had run their course, so that all projects in the portfolio met the requirement. This took years, as there were several multi-year projects, so the status of this action remained 'ongoing'.

UNDP does not systematically track or assess programme and operational improvements resulting from IEO evaluations.

13. There is very little information available on what changes have been made to UNDP programmes and operational systems in response to IEO evaluation recommendations, and no analyses have been carried out that gauge the impact of actions taken in response to IEO evaluations. Other than periodic anecdotal evidence of lessons learned through evaluation, captured in the results-oriented annual reporting exercise, there has been no systematic effort to determine whether actions in response to IEO evaluations have led to changes in programming, operations and performance. The main BPPS evaluation-related tracking and reporting has been aimed at decentralized evaluation functions carried out by programme and country offices. Within this scope, they have done some analysis of country office perceptions on the utility of decentralized evaluation recommendations.

14. In a few cases reviewed, it was stated that recommendations led to adjustments in planning focus and programme structures, as well as the formulation of new strategies. When prompted, evaluation focal points interviewed mentioned that the UNDP results-oriented annual reporting system includes a 'lessons learned from evaluations' section, which demonstrates a UNDP commitment to integrating evaluations into programming and planning. Also, UNDP country offices are required to report on lessons learned from evaluation when developing their next country programme documents. One interviewee explained that the programmes did learn lessons from evaluations, but resulting changes were mostly at the aggregate level, and it was difficult to pinpoint which lessons or what changes derived from a specific evaluation had led to specific outcomes or impacts.

[8] UNDP integrated results and resources framework methodology and 2015 results, document DP/2016/9, annex 2, section 3.2, p. 62.

While UNDP has established a robust, independent evaluation function, other United Nations organizations are further advanced when it comes to management response action implementation and reporting.

15. Other organizations make it compulsory for senior level officials to be fully involved in the implementation and tracking of actions against evaluation recommendations. In the United Nations Secretariat, the implementation of oversight recommendations from the Office of Internal Oversight Services is rated and included in the Under-Secretary-General's compact. Every department reviews its achievements once a year, through reporting on the Under-Secretary-General's compact. Working level updates of action implementation status is once every three months. As another example, the United Nations Children's Fund (UNICEF) reviews the implementation of actions in response to evaluation recommendations quarterly, and a summary report is developed, with breakdown information on each office/programme, containing evaluation budget information, progress made against evaluation plans, and the percentage of completed/closed recommendations. This summative report is circulated to the UNICEF Executive Director and all heads of offices.

The Evaluation Resource Centre is a well-integrated platform of evaluation information, yet it is not set up to effectively monitor the implementation of management response actions.

16. The Evaluation Resource Centre stands out as a leading evaluation platform within the United Nations system, in terms of integration and user-friendliness, as compared with technical platforms used by other United Nations evaluation offices. It is a one-stop-shop of all data, including evaluation reports, quality ratings of decentralized evaluations, evaluation focal points at all programme levels, and posting of management responses, including intended key actions. In comparison, UNICEF uses three databases to plan and store evaluations, to assess quality of decentralized evaluations, and to monitor management responses and implementation, separately. The Office of Internal Oversight Services is also faced with some limitations, as it is not able to use its automated system with two of the largest departments – the Department of Peacekeeping Operations/Department of Field Support, and the Department of Management – due to difficulties in assigning action owner rights to multiple users within one department. Hence, it collects information on the implementation of recommendations offline and manually enters the data at the central level. UNICEF and UNFPA have both consulted UNDP and the Independent Evluation Office in the past regarding how the Evaluation Resource Centre functions and the programming language used, as part of their respective efforts to improve technical solutions; the UNFPA internal recommendation tracking system has been modelled on ERC features.

17. Nonetheless, there remains room for improvement to the Evaluation Resource Centre, especially in tracking management response actions. First, the centre does not store historical reporting data on management response action implementation and cannot provide a snapshot of action status at any given point in time. The latest update on a given action replaces all prior entries, making it difficult to perform time series analyses or draw conclusions on progress made over time. Second, there are features the centre uses in other modules that have not yet been established for management response action tracking, including automatic reminders on outstanding actions and update deadlines, and making some entry fields mandatory. Currently, there is a space for comments on action achievement, but this optional space is rarely used. Furthermore, the centre categorizes key actions into 'completed', 'overdue', 'initiated', 'ongoing without a due date', 'deadline not identified' and 'no longer applicable'. While these categories are helpful for a bird's eye view of the overall status of implementation, there is no requirement for validation and supporting documentation. There are no justifications or explanations required for actions that are never completed and are no longer considered relevant for implementation. Finally, the ERC database does not keep track of, or require explanation for, actions which are simply deleted from the management response.

III. Strengthening the tracking of management response actions

18. The Independent Evaluation Office is now working to strengthen the management response action tracking system, both through revised guidance under the UNDP evaluation policy and through enhancements to the Evaluation Resource Centre.

19. *Strengthened guidance and procedures*. Over the past year, the UNDP programme and operations policies and procedures have been revised, including new programme and project management arrangements. Important additions still to come include guidelines for commissioning and responding to IEO and decentralized

evaluations. This work is underway and will be completed in 2018. The new guidance will make explicit the expectations for management response action implementation, including duration and frequency of reporting, what constitutes sufficient information, and what evidence is required to support an updated action status.

20. To support the strengthening of guidance and procedures, during the second quarter of 2018 the Independent Evaluation Office will include new technical features in the Evaluation Resource Centre. These include:

- adding time stamps to all management response inputs to allow for tracking and comparison of data over time; and
- expanding notification features so that automated email alerts are sent quarterly to bureau and country office evaluation focal points, highlighting evaluation reports without management response, key actions approaching deadline and overdue actions.

21. *Monitoring and reporting*. The Independent Evaluation Office, through its annual report on evaluation, provides information to the Board on monitoring and evaluation results. Future annual report on evaluation will include as a regular feature the tracking of management response actions.

22. The Independent Evaluation Office has now expanded its country programme evaluations, and will cover all countries prior to Board consideration and approval of new country programme documents. This change will enable the office to better assess the extent to which country offices have implemented management response actions from previous independent country programme evaluations. Additionally, the office will specifically consider the implementation of management response actions as part of the strategic plan evaluations carried out at the end of each strategic planning period.

IV. IEO plan and deadlines for guiding and tracking management response implementation

23. The Independent Evaluation Office intends to carry out a series of actions to strengthen management response tracking and assessment, as noted in the table below. It will work with UNDP management to consider other actions that can be taken, within its results-based management systems, to strengthen the management response system and processes.

Evaluation Resource Centre enhanced with new tools for tracking management response action implementation.	6/2108
New evaluation guidelines posted to the programme and operations policies and procedures.	6/2018
All thematic evaluations and independent country programme evaluations include analysis of how previous related management response actions were implemented.	1/2019
Annual reports on evaluation include a section that tracks and analyses management response action implementation.	6/2019
Analysis of management response action implementation during the four-year period is included in the evaluation of the Strategic Plan, 2018-2021.	6/2021

United Nations DP/2018/13

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
28 March 2018

Original: English

Annual session 2018
4 to 8 June 2018, New York
Item 7 of the provisional agenda
United Nations Capital Development Fund

Report on results achieved by the United Nations Capital Development Fund in 2017

Summary

This report presents Member States with an annual review of results achieved in 2017 by UNCDF. As the final report of the strategic framework, 2014-2017, it also examines UNCDF contributions to broader ecosystem and market development changes that have evolved over time.

Elements of a decision

The Executive Board may wish to take note of the annual report; commend UNCDF efforts to track its contributions to broader ecosystem and market development impacts; and recommit to supporting UNCDF, including through fully funding regular resources requirements of $25 million per year.

Contents

Chapter		*Page*
I.	Introduction	2
II.	UNCDF and the changing context	2
	A. Contextual analysis	2
	B. Highlight of results	2
	C. Understanding performance against the strategic framework	11
	D. Analysis on institutional effectiveness	13
III.	UNCDF looking forward	15

Annex. Integrated results and resources matrix (available on the Executive Board website)

I. Introduction

1. The annual report presents the development and organizational results achieved by UNCDF in 2017. As the last report in the 2014-2017 strategic framework cycle, the report also examines UNCDF contributions to larger ecosystem and market development impact that have evolved over the period.

2. The report is based on analyses of programme results reported against the integrated results and resource matrix (IRRM). It also incorporates findings from external evaluations, audit reports, financial data, internal case studies and external reviews of UNCDF activities.

II. UNCDF and the changing context

A. Contextual analysis

3. During the past four years, many least developed countries (LDCs) have made important development progress. Economic growth in LDCs is estimated to near 6 per cent in 2017, higher than the projected growth rate for other developing countries.[1] Even as they grow, many LDCs are experiencing limited improvements in productivity, job growth or economic diversification.

4. LDCs face significant financing gaps as they seek to graduate with inclusion and achieve the Sustainable Development Goals. Many LDCs are very reliant on official development assistance (ODA) to complement scarce domestic public resources. Yet ODA and domestic resources are not enough to meet their financing needs to achieve the Goals. Private investment flows that do go to LDCs typically focus on too few countries and sectors. While there is growing use of blended instruments, the poorest countries are largely being bypassed. Only 7 per cent of private finance mobilized by official development finance through guarantees and other private sector instruments has targeted LDCs.[2]

5. This reinforces the importance of putting ODA to catalytic use to accelerate economic growth, and to help mobilize additional resources for sustainable development. This is giving impetus to the work of UNCDF to innovate financing approaches where few others are present, approaches that create demonstration effects that, replicated and taken to scale, help build inclusive financial markets and local development finance systems, and that leverage additional public and private sector funding from domestic and international actors into local economies to support growth that is inclusive.

6. This work takes place in a broader context that is creating exciting opportunities to make finance work for the poor. Many private sector actors are playing an increasingly active role in development, with a growing number focusing on double or triple bottom lines or looking for other ways to support the Sustainable Development Goals. New financing tools are being developed or are ripe for adaptation in LDC contexts. The expansion of digital and mobile technologies and financial technology ("fintech") firms is extending the reach of services and finance in LDCs while lowering costs and empowering women and girls. Local governments are increasingly recognized for their essential role in meeting global challenges, from climate adaptation to responding effectively to urbanization and migration.

7. It is critical to ensure that this new generation of partnerships, tools, technologies and solutions works for LDCs and poor populations, small- and medium-size enterprises (SMEs) and local governments which are otherwise at risk of being left even further behind. This is why UNCDF continues to apply its capital tools, knowledge and experience to tackle exclusion and inequalities where it can have the biggest impact: in the last mile, where needs are greatest and where resources are most scarce. It is also why UNCDF continues to work closely with UNDP and other United Nations entities and in support of broader United Nations-wide efforts on mobilizing financing for the Sustainable Development Goals. A major constraint remains the consistent shortfall against the $25 million annual target for regular resources agreed in the strategic framework.

B. Highlight of results

8. UNCDF local development finance seeks to build local fiscal space and create local fixed capital across all geographic areas of a country. Local governments in LDCs face considerable challenges in mobilizing adequate revenue to meet recurrent expenditures and make long-term investments. UNCDF

[1] United Nations Conference on Trade and Development, The Least Developed Countries Report 2016.
[2] Report of the Inter-Agency Task Force on Financing for Development 2017.

has designed and tested financing models that encourage domestic fiscal resources and capital markets to invest in local governments and local economics to drive economic growth, empower women and build resilience. This contributes to the ability of local governments to achieve the Sustainable Development Goals and enhance resilience to risks including climate change by having adequate fiscal powers as well as the capacity and incentives to use them.

9. UNCDF has evolved its approach over the course of the strategic framework period. In line with the New Urban Agenda, it is now working with municipalities to leverage funding through public-private partnerships, bonds and own-source revenues. UNCDF has successfully piloted and is scaling up its performance-based, climate-resilient grants from 13 to 20 countries through intergovernmental fiscal transfer mechanisms. It has also introduced innovative structured project finance, SME finance and blended finance approaches to support local public and private sector actors to de-risk, build and unlock private finance for pipelines of investable projects with strong development impact.

10. In the area of financial inclusion, UNCDF is helping to create enabling ecosystems[3] to reach underserved populations and market segments, especially women, young people and SMEs. Data-based diagnostic tools are providing a strong foundation for Governments to articulate financial inclusion strategies. Supporting the implementation of these strategies includes a strong focus on helping financial service providers (FSPs) to build new business models in risky markets which, when brought to scale, can change the patterns of financial inclusion and agency for poor populations, especially women.

11. Digital innovations are a core feature of this work. UNCDF has leveraged the digital revolution to expand access to basic financial products and services, especially to address a growing range of "real economy" challenges, including improving agriculture productivity, enabling access to clean energy and supporting SMEs. The demonstration effects of this work are starting to influence how other service providers benchmark innovations in digital financial services. They are leading other actors to design products and alternative delivery channels that meet the financial needs of what were once considered unviable market segments; and are providing the evidence for Governments to put in place regulations for market expansion.

12. Throughout, UNDP and UNCDF have partnered and continue to partner on many joint initiatives, from working to build accountable local government in Somalia to identifying ways to expand financial inclusion in the small island developing States in the Pacific.

13. UNCDF is playing an increasingly active role in mobilizing investments in local economies through the application of loans, guarantees and reimbursable grants that mitigate the risks for public and private investors. The home for this third pillar of work is the LDC investment platform, which is creating new opportunities for UNCDF to expand its support for local infrastructure and businesses in the last mile. In addition, if the funding and demand are there, the platform could eventually be expanded to consider last-mile finance pipelines from UNDP and the wider United Nations development system.

14. Cutting across this work is a commitment to bring public and private actors together to expand the reach of finance to where few others are focusing, but where development needs are enormous; to craft and test out new approaches, deploying smart technologies, that tackle inequalities and empower women; to work with Governments, UNDP and the wider United Nations system and other development partners to take to scale what works; and to demonstrate practically that, with the right approaches and partnerships, LDCs and underserved regions and populations are investable.

Results against outcome 1: Financing increased for basic services and inclusive growth /local economic development

Local development finance

15. UNCDF works to get resources flowing to local governments. To create demonstration effects that shape how others view the viability of investing in local economies, during the strategic framework period, UNCDF completed 4,673 localized investments – in infrastructure, equipment and training – in 23 countries across a range of sectors. In 2017, 833 local governments were directly supported across

[3] Ecosystem development for financial inclusion entails strengthening policies, infrastructure, providers, distribution and client-centric approaches in a mutually reinforcing way to expand the access, usage and control of financial services for underserved populations.

23 countries, completing 410 public and private investments, which provided services and benefits to 1.2 million people, of whom around half were women.

16. A key measure of impact for UNCDF is the replication and scale-up of its financing models by others, highlighting that the dollar value passing through the UNCDF account alone does not capture the scale of its reach. In 2017, UNCDF carried out a longitudinal study looking at the scale-up of its local finance mechanisms in 10 countries. While the study is still being finalized, its preliminary conclusions note that the local mechanisms introduced – typically in close collaboration with UNDP – were significantly expanded by follow-on funds from donor partners and adopted by the national Governments for scale up. Examples from Bangladesh, Uganda and United Republic of Tanzania were previously shared with the Executive Board. The study also highlights Nepal, where UNCDF initiated a local development fund in 1999 covering eight districts with a budget of $5 million. This was later scaled up with $5 million from the Government of the United Kingdom to 20 districts by 2008. The use of performance-based grants and other lessons were incorporated in a government-led programme that continues today. This programme has allocated block grants of $128 million to local governments, of which 80 per cent comes from government resources.

17. In Guinea, UNCDF investments have been helping to influence broader local development financing decisions. For example, the construction of a public market and bus terminal in Boffa district increased the revenues of the local government by 200 per cent from 2014 to 2017. This has supported follow-on investments, enabling the local government to better absorb an influx of migrants attracted by a mining investment. The demonstration effect of this project has led to an agreement in 2017 between the Government and the Chamber of Mines to channel 0.5 per cent of mining royalties to a local government fund for similar types of investments. In 2018, UNCDF is planning to co-finance similar revenue-generating local infrastructure in Guinea with the local government, the French Development Agency, local banks and local developers. On a global scale, UNCDF will apply these lessons to engage with commodity producers in other LDCs.

18. Another notable example of unlocking financing for local development is in Bangladesh, where bank credit disbursals doubled in districts implementing the local development fund which UNCDF helped set up, while local fiscal space expanded by 27 per cent from 2013 to 2017. The lessons from the UNCDF programme informed a government decision to scale up the programme to all subdistrict governments across Bangladesh. In 2017, UNCDF also facilitated and financed the establishment of a credit guarantee facility by the Bangladesh Bank, which will potentially unlock nearly $1 million of local bank financing for women entrepreneurs in sectors selected for their catalytic impact on the local economy. This is expected to increase collective turnover of the targeted entrepreneurs over the next five years. Furthermore, on the back of the UNCDF involvement, the International Finance Corporation has injected an additional $750,000 to support the credit guarantee facility.

19. In 2017, the UNCDF evaluation unit conducted a midterm evaluation of the UNCDF local finance initiative (LFI), covering its first two phases.[4] Its first phase focused on matching international investors with local investment projects in LDCs. But this approach missed the transformative opportunity to engage and develop domestic capital markets for local development. In a second phase, UNCDF pivoted the initiative to target domestic banks to finance catalytic local investments. While LFI was successful in reaching financing agreements with local banks, it soon recognized that the local banks required further conditions and closer engagement with project developers to move from loan agreement to disbursement.

20. Building on these lessons, in 2016-2017 UNCDF initiated another pivot to expand the role of de-risking capital in the form of reimbursable grants, loans and guarantees, blended with funds from local governments to further de-risk and co-finance investments. UNCDF also introduced a more rigorous appraisal of a project's development impact alongside a more rigorous management of its financial additionality and sustainability. The programme also focused on developing national platforms to build local ecosystems to take the demonstration effect to scale. The midterm evaluation helped to inform the phasing in of this revised approach.

[4] https://erc.undp.org/evaluation/evaluations/detail/9315

Table 1. Progress against selective IRRM indicators

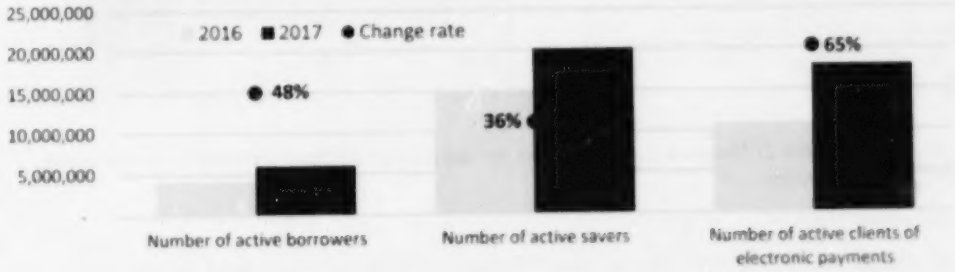
Indicators	Plan (2017)	Actual (2017)	Score*
Outcome 1.d. Net change in local fiscal space available for local development in subnational territorial jurisdictions supported by UNCDF	100%	76%	+
Output 1.2.2. Volume of UNCDF investments made to local governments	$15,000,000	$7,695,727	+/-
Output 1.2.5. Number of UNCDF-supported local investments in infrastructure completed	6,350 (cumulative)	4,673 (cumulative)	+/-

** Performance assessment: Achieved (+) = 75-100%; Partially achieved (+/-) = 50-70%; Not satisfactory (-) = < 50%*

Financial inclusion

21. UNCDF played a leading role in developing digital ecosystems and last-mile infrastructure that are increasingly essential to extending financial services to poor men and women. Between 2014 and 2017, UNCDF supported FSPs in reaching 18 million clients to use digital payments to access basic services and engage more fully in their local economies. In particular, UNCDF saw a notable increase in digital payment clients of its partner FSPs as compared to changes in the number of active savers or borrowers, as seen in figure 1.

Figure 1. Change in number of financial clients, 2016-2017



22. The enormous positive impact digital financial services (DFS) can have on poverty reduction is well documented.[5] UNCDF support to DFS has evolved. From an initial focus on increasing access, UNCDF worked on driving usage to realize impact and is now helping to adapt digital solutions to real economic challenges. For instance, pay-as-you-go models are empowering poor people to purchase goods and services in increments that better fit household cash flow.[6] Household solar electricity is one of the initial "use cases" UNCDF has been advancing across eight countries.

23. By building digital ecosystems, the UNCDF Mobile Money for the Poor programme has contributed to an increase of 6.7 million adults with an active DFS account in eight countries. In Zambia, for instance, UNCDF has contributed to a sharp increase in active DFS users, from 2 per cent of the adult population in 2014 to 18 per cent by 2017. In 2017, the roll-out of an e-wallet called "Sunga", developed with UNCDF support, has gained traction with active account usage reaching 136,000. The programme also focused on expanding access to the most vulnerable and excluded populations, including rural families and refugees. UNCDF, working with the Office of the United Nations High Commissioner for Refugees (UNHCR), has been instrumental in requesting the Zambian Government to allow the use of refugee identification when opening a mobile money account. Currently, research is being conducted to identify how DFS can help mothers address specific challenges they face and to develop the business case for service providers to deliver products that meet their needs.

24. UNCDF supports mobile network providers to design and test a variety of client-centric products. This work is beginning to shape the product design of other providers in the market. In Uganda, UNCDF has supported payments digitization in agricultural value chains, which resulted in 71,000 new rural customers using mobile money in 2017. UNCDF is also engaging with fintech firms, which are needed

[5] For instance, http://science.sciencemag.org/content/354/6317/1288.
[6] https://goo.gl/3nS7Td

to connect across multiple service providers, and is partnering with public and private institutions that leverage DFS for their payment and financing solutions, such as bulk payers in agriculture smallholder supply chains.

25. The joint UNCDF/UNDP Pacific Financial Inclusion Programme has made a significant contribution to increasing access to finance in the South Pacific, supporting the enrolment of 1.7 million people for savings, loans, mobile wallets, micro-insurance or remittances using primarily digital channels. This represents 29 per cent of the total adult population in that market. The programme has contributed significantly to the financial inclusion of women, resulting in some 800,000 women becoming formally banked since 2008. In 2017 alone, some 170,000 women clients were reached through the various financial products and services supported by UNCDF.

26. In Nepal, UNCDF helped FSPs reach 48,000 new clients through establishing 11 rural branches; setting up 405 mobile and agent banking points; and designing seven new financial products specifically catering to the large agribusiness value chains. Under the challenge fund mechanism of the Shaping Inclusive Finance Transformation programme, UNCDF supported the LienVietPostBank "Vi Viet" e-wallet to reach 1.5 million clients.

Table 2. Progress against selective IRRM indicators

Indicators	Plan (2017)	Actual (2017)	Score
Outcome 1.a.3. Number of active clients of electronic payments facilitating financial inclusion	3,217,930 (50% women)	17,970,636 (47% women)	+
Outcome 1.c. Net change in United States dollar value of loan portfolio of UNCDF-supported FSPs	$585,000,000	$2,406,271,196	+
Output 1.1.6. Percentage of FSPs meeting portfolio quality targets[7]	80%	59%	+/-

Results against outcome 2: Financing mechanisms established to increase resilience to economic and environmental shocks

Local development finance

27. A core feature of UNCDF work on resilience is strengthening the ability of local governments to put in place the systems and financing needed to improve people's lives and withstand climate- and food security-related shocks in particular. In Somalia, UNCDF, through a joint United Nations programme, strengthened the resilience of fragile institutions by supporting the rebuilding of the State from the bottom up. This entails putting in place systems of local accountability for government officials, supporting contracting and tendering for the local private sector and delivering local infrastructure and services. UNCDF is drawing on its long experience working in other crisis-affected settings partnering with local governments as agents of change. In 2017, some 470,000 people benefited from the completed local infrastructures, mainly in the transport sector. Puntland began to scale up localized investments with a pledge to increase its contribution to the local finance mechanism from 1 to 2 per cent of its expenditure starting in 2018. In Somaliland, an additional four districts have been selected to apply the local finance mechanism using their own funding, thereby ensuring the initiative's sustainability.

28. UNCDF recognizes that local governments are on the front line of building resilience to climate change. The Local Climate Adaptive Living Facility (LoCAL) supports direct access to the Green Climate Fund (GCF) and other climate finance with the objective to transfer resources to local governments through national institutions and systems for building verifiable climate adaptation and resilience. In 2017, LoCAL was active in 13 countries working with 68 local governments representing over 5.5 million people. The programme uses performance-based grants for climate resilience as an integral part of the intergovernmental fiscal transfer systems in each country. Between 2014 and 2017, UNCDF provided $5 million in seed capital and technical assistance, which unlocked some $18 million in additional financing from local or central governments and donor partners, as shown in figure 2. These funds have been used to build local infrastructures that have improved water management,

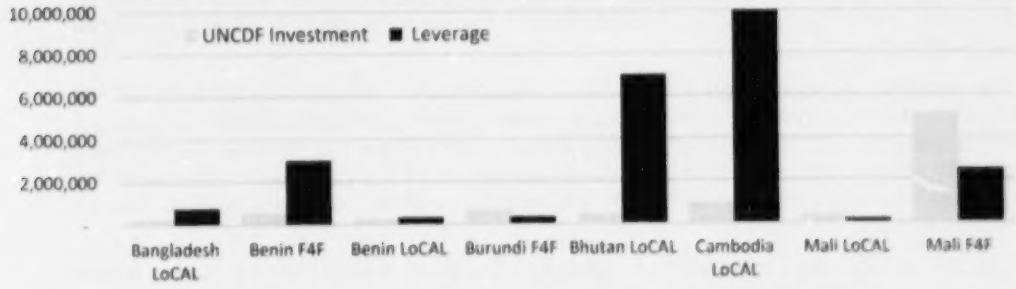
[7] This indicator has been affected by regulatory changes in West Africa that require FSPs to keep non-performing loans in their portfolios for a maximum of two years.

transportation and irrigation channels for agriculture, benefiting local communities affected by climate change.

29. In Bhutan, the LoCAL mechanism has been scaled up with additional support from the European Union to cover half the country, focused on enhancing resilience in rural areas. In 2017, the Governments of Benin, Bhutan and Mali committed domestic financial resources through LoCAL's financing mechanism. Benin, Cambodia and Mali have submitted proposals to the GCF to scale up the LoCAL approach. Four countries in West Africa began work with the Development Bank for West Africa and UNCDF to mobilize international climate finance for LoCAL. UNCDF is planning to expand LoCAL to 20 countries with a greater focus on urban areas and private sector resilience finance.

30. A midterm evaluation of LoCAL in 2017 confirmed the programme's relevance to national development and climate adaptation priorities in partner countries. The evaluation judged the programme to have a clear added value compared to other international programmes through its focus on mainstreaming climate adaptation in local governments. It recommended greater attention to results management and analysis, and to strengthen its engagement with international and national partners and the private sector.

Figure 2. Non-UNCDF funds leveraged through localized financing systems for resilience, 2014-2017



31. The Finance for Food (F4F) programme works with local governments and local businesses through a territorial approach which goes beyond traditional value chain financing to identify investments that specifically and measurably boost local food security and nutrition. In Burundi, Mali, Mozambique and Niger, UNCDF provided $2.3 million in seed capital and technical assistance in 2017 to strengthen the resilience of local food systems.

32. Through the LDC investment platform, UNCDF provided a new generation, concessional subordinated loan of $250,000 to an agribusiness company in United Republic of Tanzania. The loan, together with UNCDF technical assistance and a guarantee scheme from the Private Agricultural Sector Support Trust, mitigated risks of the project and unlocked $765,000 in loans from a local private bank. This will enable the project developer to enhance productivity and build a regional value chain that will benefit some 7,500 smallholder farmers working with the company. This demonstrates how UNCDF can unlock local private sector capital for sustainable development in markets perceived as too risky by some investors.

33. The most sustainable way to scale up the F4F programme is through engaging public and private sector partners. UNCDF signed a partnership in 2017 with Commonland, a social enterprise working in landscape restoration, and seeks to create a financial ecosystem in LDCs to attract long-term financing for revenue-generating, environmental resilience projects. To show proof of concept, UNCDF and Commonland collaborated on devising a financial package consisting of senior debt and equity for the Kalemawe Dam restoration project in United Republic of Tanzania, which is expected to improve the livelihoods of 10,000 local people.

34. In 2017, UNCDF launched a new five-year programme in Uganda with $30 million from the European Union to consolidate stability in the northern regions and strengthen the foundation for inclusive, local economic development in areas affected by political instabilities and the influx of some 900,000 refugees.

Table 3. Progress against selective IRRM indicators

Indicators	Plan (2017)	Actual (2017)	Score
Outcome 2.c. Volume of non-UNCDF funds channelled through financing systems developed with UNCDF support targeting vulnerability, exclusion, and shocks	$18 million	$24 million	+
Output 2.2.1 Volume of funds channelled through new financing systems piloted by local governments with UNCDF support targeting vulnerability, exclusion, and shocks	$4.5 million	$2.7 million	+/-
Output 2.2.2 Percentage of targeted local governments having integrated the resilience dimension in their planning and budgeting processes	80%	79%	+

Financial inclusion

35. Helping poor people have a safe place to save smooths consumption, builds assets, and increases resilience against shocks. "Getting money out of the mattresses" can also boost the domestic economy, increase sustainability of FSPs and help clients benefit by accessing formal financial services. UNCDF supported 138 FSPs that achieved a net increase in deposits of $6.5 billion mobilized since 2013, demonstrating the potential for well-targeted ODA to catalyse domestic resources for development. Impact studies also consistently show positive benefits for women's access to savings and digital financial services.[8]

36. Via YouthStart, a programme to increase access to finance for low-income youth in Africa, 830,000 young people (43 per cent women) gained access to savings accounts and accumulated over $22 million in savings since 2010. Of these, 210,000 young entrepreneurs (54 per cent women) accessed loans totalling $29 million. For the first time in 2017, the aggregate value of loans to youth was greater than their collective savings, indicating that both the FSPs and the youth are more confident in the youth's ability to repay loans.

37. UNCDF reached over 2.2 million new customers (70 per cent women) in 11 countries through savings products developed with the MicroLead programme's support since 2008. UNCDF provided support for market research and development of new products and delivery channels in 2014. By 2016-2017, DFS products were offered by most of MicroLead's grantees, and partner FSPs had developed viable business models efficiently to reach rural populations and mobilize small balance deposits. Since 2013, FSPs have offered formal accounts to 900,000 savings group members in six countries. With this experience, UNCDF has been recognized by peer networks as a leading agency in linking savings groups with formal financial services.[9]

38. This success of MicroLead has led other service providers to understand the viability of addressing these new market segments in LDCs, leading them to expand their services to low-income and rural populations, especially women, who have been traditionally excluded by FSPs.[10] MicroLead was recognized as one of the five leading organizations with which the Mastercard Foundation has partnered to scale access through alternative delivery channels for last-mile financial services in Africa.[11]

39. The UNCDF CleanStart programme helps low-income consumers transition to cleaner and more efficient energy. The programme facilitated sales of more than 157,000 clean energy solutions such as solar home systems, biogas and efficient cook stoves. Of the 56,000 products financed, 59 per cent were sold to women. Overall, CleanStart risk capital has opened new markets in energy lending business models through partnerships with FSPs and energy service providers. In Nepal, CleanStart's investment of $543,000 in energy lending leveraged a total investment of $22 million, of which $17 million was credit from four local FSPs.

40. In 2017, CleanStart launched the renewable energy challenge fund to finance innovations in clean cooking in Uganda, and signed new co-financing agreements with six clean cooking solution providers. The companies will be distributing efficient cooking solutions to an additional 40,000 households, businesses and institutions such as schools. This will create over 700 jobs and income-earning

[8] https://goo.gl/zYVQqH and https://goo.gl/9juSdq.
[9] http://www.uncdf.org/microlead/cases.
[10] https://goo.gl/gZSXUM
[11] http://www.uncdf.org/article/2810/mcf-adc-paper and https://goo.gl/Hehsr5.

opportunities, especially for women and youth, and lead to reductions of approximately 400,000 tons of carbon dioxide by 2020. The programme's ability to generate a pipeline of investable companies identified through the challenge fund process places CleanStart at the crossroads of where private finance intersects with the Sustainable Development Goals.

41. A 2017 midterm evaluation of CleanStart led to plans to further diversify its financing tools in order to unlock more clean energy finance and strengthen its monitoring and impact measurement frameworks.[12]

42. UNCDF has expanded its work seeking to provide financial inclusion to refugees and their host communities. UNCDF was among the first agencies to respond to the UNHCR Comprehensive Refugee Response Framework.[13] The two organizations started piloting an approach in 2017 to support FSPs to develop demand-driven, client-centric services including remittances and DFS for forcibly displaced people and their host communities.

Table 4. Progress against selective IRRM indicators

Indicators	Plan (2017)	Actual (2017)	Score
Outcome 2.a. Number of new financial products to improve client security, resilience against shocks scaled up by UNCDF supported FSPs[14]	155 (cumulative)	112 (cumulative)	+/-
Outcome 2.b. Number of clients served by new scaled products	6,400,000 (cumulative)	11,232,937 (cumulative)	+
Output 2.1.1 Number of new or improved financial products piloted with UNCDF support	155 (cumulative)	161 (cumulative)	+

Results against outcome 3: Policy environment that is conductive to sustainable financing for sustainable development

Local development finance

43. UNCDF systematically takes the lessons emerging from its local development finance programmes and supports Governments to understand and reflect them in national policies and regulations that help empower local governments.

44. For example, UNCDF works on building enabling environments for municipal finance at the local level in response to the New Urban Agenda. In 2017, UNCDF published a report with the United Nations Department of Economic and Social Affairs to promote knowledge-sharing in urban finance and to support LDCs in strengthening their urban finance frameworks.[15] UNCDF also co-organized with the United Nations Human Settlements Programme a stand-alone expert meeting on municipal finance at the Economic and Social Council Forum on Financing for Development. The UNCDF role and competence on municipal finance was recognized in a United Nations high-level independent panel report.[16]

45. UNCDF made significant progress in establishing a policy environment conducive to financing urban development through its Municipal Investment Finance programme. This included supporting regulatory reforms and engaging with partners to issue guarantee for municipal bonds in Bangladesh and United Republic of Tanzania. In Bangladesh, UNCDF has worked to secure credit ratings for 10 local governments and is working with the regulatory authorities on a bond issuance that will let those local authorities raise from the capital markets the funding they need to pay for priority investments.

46. UNCDF is working to create enabling environments at the local level that lead to increased investments in women's empowerment. Investments that overcome bottlenecks to women's economic empowerment can have a multiplier effect on sustainable development. UNCDF has joined forces with UNDP and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) to implement the Inclusive and Equitable Local Development programme, which aims to improve the policy environment for women in the labour force and generate examples of inclusive

[12] https://erc.undp.org/evaluation/evaluations/detail/9245
[13] https://goo.gl/DqJasG
[14] The outcome target was over-ambitious since it assumed all piloted products (output 2.1.1) would be scaled, which is seldom the case. Targeting in the new IRRM has been adjusted.
[15] https://goo.gl/Ct6d0Q
[16] https://goo.gl/mM3Yfg

investments that can drive progress in this area. In 2017, an expert group of gender economists developed a women's economic empowerment index to guide investment decisions with local partners. The programme also developed a gender-sensitive local economic assessment tool, which was used in Bangladesh, Uganda and United Republic of Tanzania, to identify local needs and priorities in women's empowerment in targeted localities.

47. In 2016-2017, together with the Global Fund for Cities Development and the Public-Private Infrastructure Advisory Facility, UNCDF strengthened capacities of the Network of African Finance Institutions for Local Authorities to provide support to municipal development funds for local governments. Comprehensive analytical reports were produced on institutional, regulatory and market environments and how to access alternative and diverse sources of funding for four municipal funds in Cameroon, Madagascar, Mali and Niger.

48. In 2017, UNCDF finalized a strategic partnership with the United Cities and Local Governments, which includes contributing to the global observatory on local government finance with the Organisation for Economic Co-operation and Development and which will deepen UNCDF involvement in the global taskforce for localizing the Sustainable Development Goals. Thanks to productive discussions with the United Nations Office for South-South Cooperation, UNCDF will be co-hosting the World Alliance of Cities Against Poverty in 2018 with the City of Malaga, Spain. This will support local governments from the North and South to address the challenges associated with migration.

Table 5. Progress against selective IRRM indicators

Indicators	Plan (2017)	Actual (2017)	Score
Outcome 3.b. Number of national strategies, action plans, policy or regulatory changes for local development finance adopted by host Governments	10 (cumulative)	30 (cumulative)	
Outcome 3.b.1. Percentage of national strategies, action plans, policy or regulatory changes for local development finance adopted by host Governments that address gender issues	50%	43%	

Financial inclusion

49. At the global level, UNCDF and the Better Than Cash Alliance provided support to the Secretary-General's Special Advocate for Inclusive Finance for Development, Her Majesty Queen Máxima of the Netherlands, through her Reference Group and the Group of Friends of Financial Inclusion, providing advice on financial inclusion and its contribution to women's empowerment.

50. UNCDF contributed to the Secretary-General's report on the Sustainable Development Goals and the report of the Inter-Agency Task Force on Financing for Development. At the High-Level Political Forum, UNCDF co-organized a side-event on financial inclusion and women's empowerment. UNCDF engaged with the Inter-Agency Expert Group on the Sustainable Development Goal Indicators to ensure that indicators on financial inclusion are appropriately defined and disaggregated and measure progress on the goals to which they contribute.

51. UNCDF and the Better Than Cash Alliance provide a global voice on responsible finance, and supported the Responsible Finance Forum VIII on data privacy and protection. UNCDF works with established mechanisms and FSPs to advance global client protection principles and social performance.

52. At the country level, UNCDF acts as a facilitator for a broader market development approach to financial inclusion. For example, the Making Access Possible (MAP) diagnostic framework is a data-driven platform deployed in 18 countries which has helped Governments define or update their financial inclusion strategies and foster coordination among stakeholders and funders. Between 2014 and 2017, 11 national financial inclusion roadmaps were approved by Governments with MAP support. The financial inclusion data generated by MAP have helped to catalyse private sector investments in financial inclusion.

53. UNCDF played a key role in the passage of agent banking legislation in Liberia, Sierra Leone and Uganda to facilitate access to financial services especially for rural and low-income population segments. UNCDF has also applied big data analysis in Cambodia to identify market gaps and facilitate development of tailored financial products to serve the underbanked populations.

54. UNCDF developed a new strategy and country assessment toolkit on gender and financial inclusion, called "Participation of Women in the Economy Realized" and undertook assessments in five countries. These led UNCDF to identify and prioritize the constraints faced by women and girls in accessing, using, and controlling the benefits from financial services. UNCDF is developing country strategies, working with such diverse partners as UN-Women, women's groups, businesses, civil society organizations and FSPs to implement these strategies.

55. The 364 knowledge products produced during the strategic framework period have positioned UNCDF as a thought and practice leader among its peers on financial inclusion. For example, MicroLead published toolkits to help financial institutions provide DFS that were cited by the Consultative Group to Assist the Poor as among its top five editor's picks for 2017.[17]

56. The advocacy of the Better Than Cash Alliance has led to growing international recognition of the importance of digitizing payments. The Alliance, for which UNCDF serves as secretariat, has secured the membership of 28 Governments, 22 development organizations and four companies. This number continues to grow. The Alliance has advocated the inclusion of digitizing payments in major policymaking forums such as the G-20, Asia-Pacific Economic Cooperation, Global Partnership for Effective Development Co-operation, the World Economic Forum and the Pacific Alliance.

57. The Better Than Cash Alliance also contributed to the development of digital payment ecosystems in member countries that enhanced their payment infrastructure, driving the shift to digital and benefiting individuals, businesses and Governments. Both Fiji and Solomon Islands have made public commitments via the Alliance to enhance their use of digital finance in line with their national financial inclusion strategies. UNCDF is supporting the implementation of these public commitments, such as working on tax digitization with the Solomon Islands Inland Revenue Department.

Table 6. Progress against selective IRRM indicators

Indicators	Plan (2017)	Actual (2017)	Score
Outcome 3.a. Number of national inclusive finance road maps, action plans, national strategies or policy changes adopted by host Governments	20 (cumulative)	29 (cumulative)	
Outcome 3.a.1. Percentage of national inclusive finance road maps, action plans, national strategies adopted by host Governments that address gender issues	100%	82%	

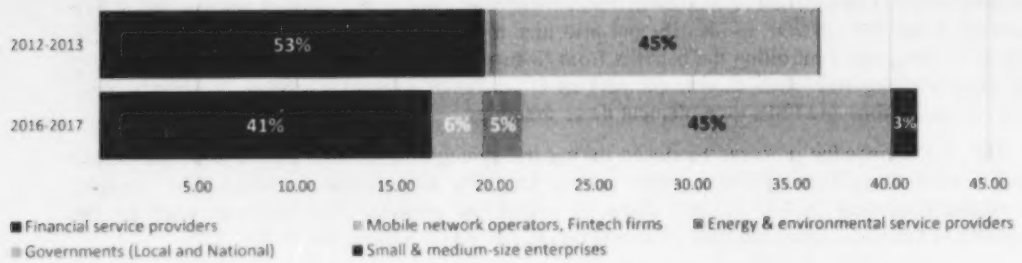
C. Understanding performance against the strategic framework

58. Among the 47 development effectiveness indicators, 38 are assessed to have reached their target, and 9 have been partially achieved, in most cases due to the effect of a decrease in regular resources. For instance, volume of investments made to FSPs fell short of the established targets, a direct consequence of a reduced resource base.

59. Compared to its focus on promoting microfinance and public local finance in 2010-2013, UNCDF has evolved its focus, tools and approaches over the last four years to target more clearly last-mile populations, SMEs and local governments. Figure 3 compares the change in UNCDF investments between 2012-2013 and 2016-2017. The figures show a striking evolution in the composition of UNCDF investee partners that follows the changes in its programmatic approach. In 2012 and 2013, over 98 per cent of UNCDF investments were made to FSPs, mainly microfinance institutions and commercial banks, and to local governments. While these two sectors remain vital partners, UNCDF investments have expanded significantly to mobile network operations, fintech firms, energy services providers and SMEs in both sectors.

[17] See https://goo.gl/msXGyJ, and https://goo.gl/dnujmG.

Figure 3. Diversification of UNCDF grant portfolio (unit in millions of United States dollars)



60. Beyond this programmatic evolution, there has been a diversification of UNCDF financing instruments. The LDC investment platform is helping UNCDF programmes to structure, rate credit and mitigate risks in investment opportunities they have sourced, both from the private and public sectors. UNCDF has put in place new loans and guarantees policies, strengthened its due diligence requirements, launched a credit scoring model and built a process to support the selection and approval of relevant loan and guarantee transactions. The platform also strengthened its legal framework based on support from the UNDP Office of Legal Affairs as well as pro bono support received from two top international law firms in New York. The platform introduced support tools to field investment staff and has increased human capacities to manage and oversee the loan and guarantee operations, while ensuring robust due diligence, credit scoring and risk assessment.

61. To ensure development and financial additionality, the LDC investment platform looks to invest in niche market opportunities, where finance is not yet flowing predictably because of real and perceived risks; where the recipient can make productive use of the capital and ensure repayment; where UNCDF has the potential to mobilize additional capital flows; and where there is scope to achieve significant development results.

62. In 2017, UNCDF issued two loans; one to a financial institution in Myanmar, and the other to a SME in United Republic of Tanzania. UNCDF is in the process of issuing a guarantee in Benin and another loan in Myanmar in early 2018.

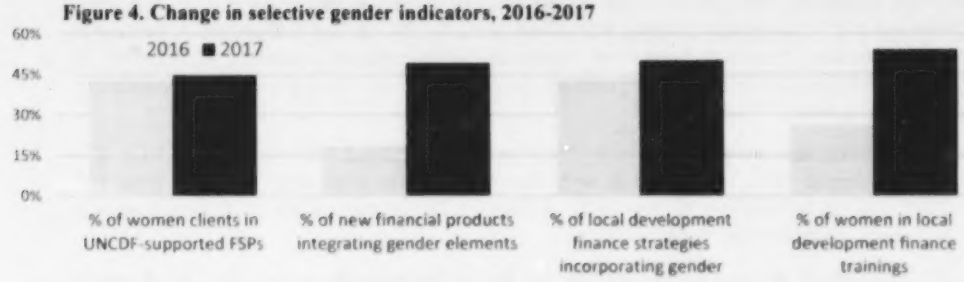
63. UNCDF has expanded its presence in impact investment communities such as the Aspen Network of Development Entrepreneurs and Global Impact Investing Network, actively helping to shape the policies and practice of impact investing in LDCs. UNCDF has launched a consultation on a public-private partnership with impact investing advisors and asset managers to collaborate on establishing investment vehicles in LDCs. UNCDF also entered into a partnership with 17 Asset Management, which aims to offer investors new products to support the Sustainable Development Goals, while committing to finance UNCDF work in LDCs.

64. Throughout the strategic framework period, UNCDF has emphasized the promotion of gender equality and women's empowerment in its programmatic approach and continues to refine and improve how it makes finance work for women, building on global best practice. As a result, UNCDF has seen notable increases in its ability to reach women and to design products and policies aimed at empowering women, as shown in figure 4. Still, there remain areas needing improvement, such as ensuring that knowledge products adequately address gender issues.

65. External evaluations carried out during the strategic framework period have found UNCDF programmes to have robust programme design features and strong results in areas of women's empowerment. For instance, MicroLead prioritized the design of savings products for women, rolling out gender safeguards in partner FSPs and integrating gender issues in its training and technical support; this resulted in a high increase in women clients across all countries.[18] A local development finance programme in Benin had specific outcomes dedicated to women's empowerment; it prioritized targeting women in its investment design and rolled out gender strategies for local governments.[19]

[18] http://shift.uncdf.org/article/380/microlead-midterm-evaluation-report
[19] https://erc.undp.org/evaluation/evaluations/detail/7040

Figure 4. Change in selective gender indicators, 2016-2017



Select lessons and findings from implementation of the strategic framework

66. Over the strategic framework period, UNCDF has captured important lessons from the midterm review, an external review of its results measurement system, financed by the UNDP Independent Evaluation Office, and an internal synthesis report of the findings of eight external evaluations completed since 2014.

67. Overall, UNCDF was judged to be doing a good job in designing and implementing programmes that improved the lives of the poor in LDCs. UNCDF designed interventions relevant to LDC priorities building good cooperation with other development stakeholders and responding to the needs of the national implementing partners. All programmes prioritized gender equality and women's empowerment in their design and implementation. The review also identified areas for improvement, including the need for UNCDF to better articulate and report on expected results beyond the level of direct implementing partners, and to ensure that its initial input and activities have a clear pathway leading to influencing the development of markets and systems that drive inclusion.

68. UNCDF-supported partners were found generally to be making progress in reaching the underserved population in financial inclusion and local development finance. Innovations in DFS were helping them reach increased numbers of low-income clients, expanding, for example, their access to affordable clean energy or formal savings products. UNCDF support to improve public financial management by local governments typically yielded increased investments in productive infrastructure as well as, where relevant, improved household food security and nutrition. While UNCDF was found to be good at identifying the right implementing partners, the review also found that UNCDF should do better in ensuring timely programme delivery and appropriate monitoring, reporting and knowledge management.

69. In terms of impact and sustainability, the review found that UNCDF interventions typically reach last-mile populations. The review also recommended that UNCDF should expand its range of evaluation tools to better capture longer-term effects of its interventions, both at the individual level and on the broader policy and market systems in LDCs that UNCDF is seeking to support. Both of these topics have been included as proposed thematic evaluations in the evaluation plan for 2018-2021.

70. UNCDF efforts on its results measurement system since 2014 were regarded as a "considerable achievement". The IRRM was judged to be well aligned with the strategic framework and supported by a cost-effective system. Gender equality and women's empowerment were found to be well-embedded in the matrix following its update in 2016, while still leaving room for improvement. The review found that full integration of the matrix into results measurement at the programme level had yet to be achieved; the use of results data for external reporting and programme management could be improved; and aspects of the UNCDF mandate, such as services to the poor and protection of the environment, were not fully covered in previous results measurement systems.

D. Analysis of institutional effectiveness

71. Among the 33 institutional effectiveness indicators, 24 have reached the targets set for the strategic framework. Most of the indicators that are partially achieved are related to resource mobilization. For instance, the UNCDF regular resources envelope during the strategic framework period was $61 million against the target of $86 million.[20] Regular resources decreased 30 per cent from $18.8 million in 2013 to $12.6 million in 2017, well below the $25 million per annum targeted for the strategic framework.

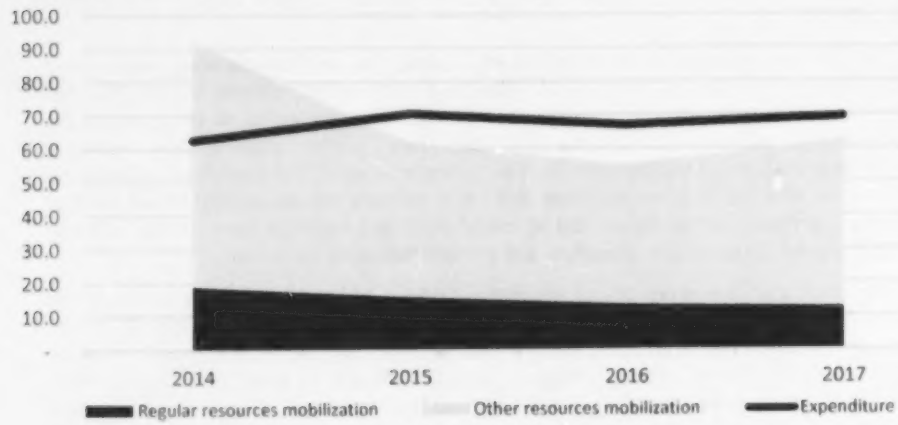
[20] Regular resources include UNDP biennial support budget and programme support.

In terms of other resources, UNCDF mobilized a total of $210 million against a target of $300 million between 2014 and 2017. During the strategic framework period, UNCDF has had particular success in mobilizing resources from the private sector and non-governmental sources, exceeding its target of $20 million by over three-fold, mobilizing $62.3 million. UNCDF continues to explore new opportunities to expand its resource base.

72. Joint programming and collaboration with UNDP and other United Nations agencies have also increased, with resources from pooled funds and joint programmes more than doubling from $20 million in 2010-2013 to $45 million in 2014-2017. In 2017, UNCDF carried out joint programmes in 24 countries, mainly in partnership with UNDP.

73. UNCDF expended an average of $67 million per annum between 2014 and 2017, as shown in figure 5. UNCDF reached 99 per cent delivery of its mobilized resources, expending a total of $269 million during the strategic framework period.

Figure 5. UNCDF resource mobilization and expenditures, 2014-2017 (unit in millions of United States dollars)



74. UNCDF also reduced its management costs against expenditures from 15 per cent in 2013 to 9 per cent in 2017. This was possible in part due to the realignment carried out during 2014-2015, which invested in cross-practice synergies, and through ongoing efforts to streamline operational support functions and to apply stricter budgetary controls.

75. However, the sharp reduction and overall shortfall in regular resources have negatively affected the ability of UNCDF to be present in 40 LDCs by 2017, the target set for the strategic framework. The UNCDF presence in LDCs has decreased over the strategic framework period from 32 LDCs in 2013 to 29 LDCs in 2017. Furthermore, among the 29 LDCs, UNCDF maintains a "thin presence" with only project funding and no staff in five LDCs; this presence is at risk of closing.

76. As described in detail in the new strategic framework, 2018-2021, UNCDF requires annually a resource envelope of $25 million in regular resources, $75 million in other resources and a $50 million LDC investment fund to enable a robust presence in 40 LDCs. This will also allow UNCDF to be a more catalytic and strategic partner to Governments, to UNDP, including in support to its country platform approach, and to the wider United Nations development system.

77. Guided by its gender strategy, UNCDF continued to improve its performance in compliance with the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women. Corporate performance improved from 40 per cent in 2012 to 80 per cent in 2017, with notable improvements in strategic planning, monitoring and evaluation, and communications. In terms of staffing, UNCDF continues to work on achieving gender parity at the more senior professional levels.

78. To ensure that its country presence can be as effective as possible, UNCDF rolled out a country focal point system in 2017 to strengthen its coordination and engagement with Governments, UNDP, other United Nations agencies and other development stakeholders.

79. UNCDF continues to invest in knowledge management and generation and in strategic communications, all key to ensuring that lessons and best practice from UNCDF can contribute to global debates and practices around extending the reach of finance. Last year, UNCDF launched a new website leading to a doubling in the number of unique visitors.

80. UNCDF supports an active evaluation function. By 2017, UNCDF had completed eight evaluations and has plans to initiate three others covering programmes carried out during the strategic framework period. UNCDF commissioned an external review of its results measurement system and oversaw a synthesis review, whose findings are summarized in the lessons learned section. Seven evaluation reports were assessed by the UNDP Independent Evaluation Office, of which six were rated "highly satisfactory" or "satisfactory" and one was rated "moderately satisfactory".

81. UNCDF made considerable progress in implementing both internal and external audit recommendations. All audit recommendations relating to 2014, along with six of seven recommendations for 2015, have been fully implemented; one 2015 recommendation was overtaken by events and three of the 2016 recommendations have been fully implemented. Implementation of all remaining recommendations is on course for completion within the submitted deadlines.

82. Fund balances at the end of 2017 were $96 million, made up of reserves, employee benefits, multi-year contributions, end-of year contributions and unspent balances. UNCDF has made full provisions for after-service health insurance as required by International Public Sector Accounting Standards, and with the support of UNDP updated its operational reserve to ensure full compliance with the new methodology approved by the Executive Board in decision 2017/22. UNCDF will ensure that its operational reserve requirements under the new methodology are fully maintained.

III. UNCDF looking forward

83. In the year ahead, UNCDF is prioritizing three issues. First, it will focus on scaling up programmes that unlock public and private finance and enhance inclusive financial markets and local development finance systems. In local development finance, this means prioritizing work with municipalities, especially in urban areas, to mobilize funding so they can better serve local populations and meet their infrastructure needs; expanding work on local resilience finance, which brings together work on climate adaptation, food security and land restoration; attracting finance for projects that empower women; and mobilizing financing for pipelines of investable projects with clear development impact. In financial inclusion, this means prioritizing the expansion of financial services to reach underserved populations, especially women, girls and youth; using data-driven diagnostics to help Governments develop financial inclusion strategies; helping to formalize remittance channels; and expanding work in crisis contexts, including in support of refugees and forcibly displaced populations. Digital innovations will remain a core feature of this work and are also integral to efforts to expand access to clean energy and to support smallholder farmers in integrating into agriculture value chains.

84. Second, UNCDF will continue to use its capital mandate to expand the frontiers of finance in LDCs. Through its LDC investment platform, UNCDF is playing an increasingly active role in mitigating risks to investments in local economies. While it currently focuses on providing guarantees and loans to projects supported by UNCDF, if funded and requested to do so, this platform could be expanded to provide due diligence, credit rating and risk absorption to pipelines coming from other United Nations agencies as well. It is also investing in a thought leadership role on the application of blended finance in LDCs, the findings of which it intends to use to build a community of practice and shape the actions of development actors and investors.

85. Third, UNCDF will continue to deepen its collaboration with United Nations agencies, international finance institutions and the private sector to maximize development impact and help mobilize additional financing for developing countries. UNCDF is building new and exciting partnerships with United Nations agencies, in particular UNDP, where the combination of UNCDF financial innovations and UNDP sector expertise can tackle last-mile exclusions; with businesses, as innovators, implementing partners and funders; and with existing and new contributors to UNCDF regular and other resources.

United Nations DP/2018/14

Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

Distr.: General
28 March 2018

Original: English

Annual session 2018
4 to 8 June 2018, New York
Item 8 of the provisional agenda
United Nations Volunteers

United Nations Volunteers

Report of the Administrator

Summary

This report, for 2016-2017, presents the results achieved by the United Nations Volunteers (UNV) programme during the second biennium of its four-year Strategic Framework, 2014-2017. Noting the accomplishments of the programme, the report also reflects on the challenges faced, the results of an independent evaluation of the Strategic Framework, and a full management audit of UNV. Taking strategic guidance from the Quadrennial Comprehensive Policy Review, and based on lessons learned, UNV undertook an organizational transformation and strategic repositioning during 2017-2018, paving the way for the new Strategic Framework, 2018-2021 (DP/2018/6), which was presented to the Executive Board in January 2018.

The following annexes, posted on the Executive Board website, complement this report: (1) United Nations Volunteer statistics, 2016-2017; (2) UNV financial overview, 2016-2017; (3) Report on the UNV integrated results and resources matrix, 2016-2017; and (4) Results matrix for the UNV Strategic Framework, 2018-2021 (an update to DP/2018/6).

Elements of a decision

The Executive Board may wish to: (a) take note of the results-oriented biennial report of the Administrator; (b) express appreciation to all United Nations Volunteers for their outstanding contributions to the 2030 Agenda for Sustainable Development during the 2016-2017 biennium; (c) commend UNV for the results achieved under its Strategic Framework, 2014-2017, including during the 2016-2017 biennium; (d) welcome the new Strategic Framework, 2018-2021 (DP/2018/6), based on the strategic guidance of the Quadrennial Comprehensive Policy Review and the findings and recommendations of the independent evaluation of the previous Strategic Framework, taking note of the finalized results matrix; (e) welcome the organizational transformation of UNV in 2017-2018, and the decentralization of capacities and delegation of authority from headquarters to the regional and country levels, enabling UNV to be better 'fit for purpose' for its new Strategic Framework; (f) recalling decision 2017/31, paragraph 8, note the importance of regular resources provided by UNDP to deliver on its Strategic Framework; (g) reaffirm the crucial role of the Special Voluntary Fund to the delivery of the UNV Strategic Framework, 2018-2021, calling upon all development partners in a position to do so to contribute to the Fund; and (h) request UNV to report annually to the Executive Board on the delivery of the UNV Strategic Framework, 2018-2021.

Contents

Chapter		*Page*
I.	Introduction	3
II.	Highlights of results, 2016-2017	3
	A. Outcome 1. United Nations entities are more effective in delivering their results by integrating high quality and well-supported UN Volunteers and volunteerism in their programmes	3
	B. Outcome 2. Countries more effectively integrate volunteerism within national frameworks, enabling better engagement of people in development processes	7
	C. Institutional effectiveness. UNV is a more effective and efficient organization, with improved systems and business practices and processes, well-managed resources and engaged personnel	9
III.	Strategic and organizational transformation of UNV	11
IV.	UNV going forward	12

Annexes (available on the Executive Board website)

1. UN Volunteers statistics, 2016-2017
2. UNV financial overview, 2016-2017
3. Report on UNV integrated results and resources matrix, 2016, 2017
4. Results matrix of the UNV Strategic Framework, 2018-2021 (update to DP/2018/6)

I. Introduction

1. This report covers the second biennium of the UNV four-year Strategic Framework, 2014-2017. Chapter II presents the results achieved during the biennium based on inputs from both external and internal sources, including evaluations and audit reports, internal reports, and financial data. In most instances, primary data were used to measure progress against the integrated results and resources matrix. Chapter III presents the strategic and organizational transformation that UNV has undergone in 2017-2018, and chapter IV concludes with the way forward.

II. Highlights of results, 2016-2017

2. In accordance with Executive Board decision 2014/13, this chapter is aligned with the UNV integrated results and resources matrix, 2014-2017. Annex 3 provides further data on baselines, targets and performance.

3. Overall, the outcome and output indicator performance for 2016-2017 was:

(a) Seven targets were met or surpassed, ● green (performance was at or within 5 per cent above the target);

(b) Eleven targets were not met, ○ yellow (performance was more than 5 per cent below the target).

A. Outcome 1. United Nations entities are more effective in delivering their results by integrating high-quality and well-supported UN Volunteers and volunteerism in their programmes.

	Output performance	Indicator performance against final targets	
1.1	United Nations partners reporting an effective contribution by UN Volunteers and volunteerism	92%	○
1.2	Beneficiaries positively impacted by UNV	61%	○

4. Deployment of UN Volunteers and effective integration of volunteerism into the United Nations system is based on strong relationships between UNV and its United Nations partners. During 2016-2017, 92 per cent of United Nations partner entities reported that UN Volunteers and volunteerism had made an effective contribution to their programme delivery, which, though short of the 100 per cent target, represents a considerable increase from 69 per cent in 2013. The number of beneficiaries affected positively by UNV reached an estimated 4.9 million (61 per cent of the Strategic Framework target of 8 million).

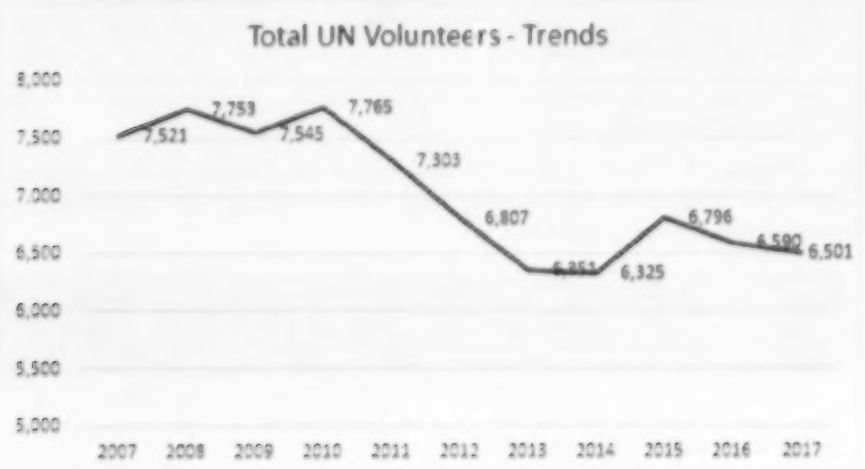
Output 1.1. Improved UN Volunteer mobilization by better forecasting of partner United Nations entity needs, and better delivery through responsive and innovative UN Volunteer solutions.

	Output performance	Indicator performance against final targets	
1.1.1	UN Volunteers mobilized	65%	○
1.1.2	UN Online Volunteers mobilized	81%	○

1.1.3	United Nations entities with innovative, needs-driven programmatic agreements for the mobilization of UN Volunteers	90%	○
1.1.4	UN Volunteer modalities and initiatives	110%	●

UN Volunteer mobilization

5. Mobilization of UN Volunteers in support of the United Nations system decreased from 6,796 in 2015 to 6,501 in 2017. This wide gap is attributed to a number of factors. As the independent evaluation of the Strategic Framework noted, "[s]ome targets defined in the [Strategic Framework] have been aspirational and not based on a realistic assessment of the external factors, partners' demands and UNV's capacities to deliver". Since cost recovery for volunteer mobilization underpins the financial model of UNV, the declining mobilization has not only reduced the collective development impact of UNV, but also put pressure on its financial sustainability.



6. As part of its drive to improve volunteer mobilization and increase impact within the United Nations system, UNV has sought to strengthen partnerships with various United Nations entities. Three new memorandums of understanding have been signed during the biennium, with the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Educational, Scientific and Cultural Organization, and the Food and Agriculture Organization of the United Nations.

7. Against the backdrop of an overall decline in volunteer mobilization, long-term trends towards increased demand for national UN Volunteers continued in 2016-2017. The proportion of national to international UN Volunteers grew from 28 per cent in 2014 to 41 per cent in 2017. This enables UNV partners to strengthen national ownership and capacities, and assists in the implementation of the 2030 Agenda for Sustainable Development, as national UN Volunteers are often better suited to engaging citizens through volunteerism, empowerment and participation at the community level.

8. The ratio of women UN Volunteers increased from 43 per cent in 2015 to 47 per cent in 2017. In non-family duty stations, the sex ratio decreased slightly, from 37 to 35 per cent women over the same period. UNV has explicitly sought out and recommended highly qualified women candidates to its United Nations partners for selection, particularly for peacekeeping missions.

9. In 2017, 72 per cent of international UN Volunteers were from the South. This number represents a major UNV contribution to South-South cooperation, bringing people from the South together to find solutions to development challenges through exchanges, as well as transfer of skills, knowledge and good practices.

10. The average age for a UN Volunteer in 2017 was 35. The proportion of UN Volunteers under age 30 increased from 23 per cent in 2015 to 28 per cent in 2017, including 8 per cent mobilized through the UN Youth Volunteer modality.

11. During the biennium, UNV focused its efforts to engage persons with disabilities as UN Volunteers, with an initial placement in Ukraine in 2017. In order to increase engagements and opportunities for persons with disabilities to volunteer in the United Nations system, UNV partnered with UNDP on a joint talent programme for young professionals with disabilities, launched in 2017 with support from the Government of Germany.

UN Online Volunteer mobilization

12. During the biennium UNV scaled up its Online Volunteering Service, which helps to ensure broader global participation in United Nations operational activities for development and in the 2030 Agenda, including the most excluded. As a result, the number of UN Online Volunteers increased from 11,000 in 2015 to almost 18,000 in 2017 providing volunteer services remotely to 38 United Nations entities and 2,200 non-governmental organizations. Sixty per cent of UN Online Volunteers were women, 65 per cent were young people, and almost 4 per cent were persons with disabilities.

13. While 18,000 UN Online Volunteers in 2017 represented 81 per cent of the target of 22,000, UNV strove to expand its online service and offer tailored solutions to Member States and other partners. To that end, in 2017 UNV started piloting a customized online volunteer management platform in partnership with the Ministry of Youth Affairs and Sports of the Government of India. In addition, UNV was able to position the Online Volunteers service as a channel for corporate social responsibility with private sector actors. Some of the pilot corporate online volunteering solutions included initiatives with Samsung Latinoamérica, Amadeus IT, the Medtronic Foundation, and Thomson Reuters.

Output 1.2. Volunteerism is integrated within the programming of United Nations entities through the implementation of joint UNV-United Nations partner programmes/ projects in four priority areas: youth; peacebuilding; basic social services; and community resilience for environment and disaster risk reduction.

	Output performance	[illegible] against end-target	
1.2.1	Total financial volume of the annual delivery of UNV resources in UNV-United Nations partner joint programmes/projects	117%	●
1.2.2	Other volunteers mobilized in joint UNV-United Nations partner programmes/projects across youth, peace, basic social services and community resilience for environment and disaster risk reduction	109%	●
1.2.3	Joint UNV-United Nations partner programmes/projects that integrate gender equality and the empowerment of women	60%	○

14. During 2014-2017, UNV set out to implement thematic global programmes to better leverage volunteers and volunteerism in the areas of access to basic social services; community resilience for environment and disaster risk reduction; peacebuilding; youth; and national capacity development through volunteer schemes (the latter reported under outcome 2). Highlights of the results from those global programmes are as follows:

(a) **The youth programme** focused on youth engagement and establishing youth volunteer schemes. In Lesotho, UNV worked with UNFPA and civil society to build

the employment skills of young people and ensure their access to information on health and gender issues. In Bolivia, Colombia, Ecuador, Guatemala, and Peru, UNV implemented the 'Youth for the SDGs' initiative (*Jóvenes por los ODS)*, with more than 27,000 young people acting as agents of change within their communities.

(b) **The basic social services programme** sought to expand access to basic social services through volunteerism. In Togo, UNV trained 500 national volunteer teachers and 50 girl guides and scouts on raising awareness about the root causes of violence, ways to prevent violence, and finding solutions. In India, UNV supported the Government in operationalizing the Accessible India Campaign, monitoring the submission of access audit reports for 1,600 public buildings across 25 cities.

(c) **The peacebuilding programme** supported United Nations efforts to sustain peace by increasing civic participation, working in particular with women and young people as agents of peace. For instance, UN Volunteers were deployed in Côte d'Ivoire, Guatemala, Guinea, Kyrgyzstan, Liberia, Mali, Nepal, and Somalia, as an important resource in implementing United Nations Security Council resolution 1325.

(d) **The community resilience for environment and disaster risk reduction programme** promoted volunteerism to facilitate environmentally sound practices. To that end UNV, jointly with the World Meteorological Organization, made a successful initial concept note application to the Green Climate Fund for a 5-year regional project in Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Mali, Niger, and Senegal.

15. Despite some progress under the global programmes, the independent evaluation of the Strategic Framework, 2014-2017, highlighted that "[i]mplementation of programmes and projects under the Global Programmes started late and they [were only] partially implemented". Furthermore, the evaluation stated that "[i]nternally, there is a perceived dichotomy between [volunteer] mobilization and programming, while external partners perceive a gap between the communicated value of volunteerism and the provision of cheap labour. UNV faces challenges demonstrating evidence-based results beyond story telling" – and that UNV should focus on its comparative advantage in volunteers and volunteerism rather than entering into competition with partners on their substantive mandates.

16. In 2017 UNV commissioned an independent evaluation of **gender equality and women's empowerment** for organizational and programmatic effectiveness. The evaluation recognized some progress, and the high commitment of UNV staff and UN Volunteers to gender equality. Key recommendations of the evaluation included allocating financial and dedicated human resources for gender equality and gender mainstreaming; providing training and capacity development for UNV personnel at the headquarters, regional and country levels; and ensuring the integration of gender equality and women's empowerment into the core work of UNV.

Output 1.3. The UN Volunteer assignment/experience is improved through effective support, including training and learning.

	Output performance	Indicator performance against final targets	
1.3.1	UN Volunteers reporting a positive volunteer experience	96%	
1.3.2	Departing UN Volunteers reporting that the assignment and learning opportunities provided are valuable for personal and professional development	98%	

17. In 2017, 91 per cent of all UN Volunteers reported a positive volunteer experience. The percentage of departing UN Volunteers who reported that their volunteer

assignment and learning opportunities were valuable for their personal and professional development remained high in 2017, at 93 per cent.

18. In 2016-2017, UNV continued the implementation of its UN Volunteer learning strategy, expanding access to learning for all UN Volunteers and including free-of-charge online training that encompassed language learning, courses on humanitarian assistance, business administration, and support to career management skills. In 2016, UNV launched the online volunteer learning platform 'eCampus' which, by the end of 2017, had 25,000 registered users. During the biennium, UNV mainstreamed and simplified its Capacity Development and Learning Facility, providing needs-based training through 40 national and regional learning events.

B. Outcome 2. Countries more effectively integrate volunteerism within national frameworks, enabling better engagement of people in development processes.

	Outcome performance	Indicator performance against final targets	
2.2	Number of countries with progress in implementing national volunteerism frameworks	103%[1]	

19. During 2016-2017, UNV engaged Member States to integrate volunteerism into their national frameworks and policies. While reporting on this outcome level indicator is undertaken on a triennial basis (linked to the Secretary-General's report on volunteering), much work was done at the global, regional and national levels to support the integration of volunteerism. In 2016-2017, for example, UNV supported the development of laws on volunteerism in Côte d'Ivoire and Madagascar; national policies on volunteerism in Kenya and Rwanda; and research on youth volunteerism in India and on youth employability and volunteerism in Cambodia. Development of policies, laws, legislation and research has also ensured the inclusion of volunteer groups in public policy and decision-making for the promotion of volunteerism.

20. UNV has continued to build on the progress made in pursuing forward-looking, innovative South-South focused partnerships. In June 2017, UNV and the Thailand International Cooperation Agency co-hosted a regional conference on 'South-South Exchange on Youth Volunteering for the Sustainable Development Goals (SDGs): Sharing Sufficiency Economy Philosophy and Other Approaches from the Association of Southeast Asian Nations (ASEAN) Countries'. With the Beijing Volunteer Service Federation, UNV co-hosted the second International Volunteer Service Exchange Conference in China, where 250 representatives from governments, volunteer-involving organizations, academic institutions, the private sector and United Nations organizations from 30 countries exchanged experiences and ideas to leverage volunteerism for sustainable development.

Output 2.1. Knowledge based on the value/contribution of volunteerism to peace and development results is expanded.

	Output performance	Indicator performance against final targets	
2.1.1	'State of the World's Volunteerism' reports published	67%	
2.1.2	UNV-supported studies on volunteerism in peace and development	67%	

[1] 2015 data (2017 will be collected during 2018 for the Secretary-General's report to the General Assembly on the implementation of General Assembly resolution 70/129.

21. The third State of the World's Volunteer Report – presenting new evidence on the role of volunteerism in community resilience – was drafted for delivery in 2018, and will be fully reported on in the next UNV report to the Executive Board.

22. In 2016 and 2017, UNV produced a number of studies on volunteerism in peace and development, including reports on the state of youth volunteering in India; volunteering and youth employability in Cambodia; and corporate volunteering in Brazil. Alongside those studies, two thematic papers for the 2018 report were completed in 2017, focusing on estimating the scale and scope of volunteerism worldwide and trends in volunteer infrastructure, 2009-2018.

Output 2.2. Increased capacities of countries (governments, civil society and volunteer-involving organizations) to foster volunteer engagement at the national and global levels.

	Output performance	Indicator performance against target
2.2.1	General Assembly resolutions that reference the value/contribution of volunteerism	50%
2.2.2	Volunteer-involving organizations partnering with UNV	89%

23. 'Integrating volunteering into peace and development: the plan of action for the next decade and beyond' (adopted under General Assembly resolution 70/129) steadily gained momentum in 2016 and 2017. The stakeholder and partnership plans were approved, and a secretariat, steering committee and working group established. In addition, five of the resolutions adopted at the 72nd session of the General Assembly referenced volunteers/ volunteerism, including in the areas of humanitarian assistance, youth issues, and disaster risk reduction.

24. In 2016 and 2017, UNV increased its stakeholder engagement at the national, regional, and global levels – especially with volunteer-involving organizations – to further promote and foster volunteer solutions and strongly position volunteerism in the 2030 Agenda. UNV successfully co-hosted the 2016 conference of International Volunteer Cooperation Organizations, in Bonn, Germany, with the German Agency for International Cooperation, and the International Forum for Volunteering in Development, which was attended by 138 delegates from 24 countries across sectors. UNV also played a critical facilitation role at the 2017 conference of International Volunteer Cooperation Organizations, in Seoul, Republic of Korea.

Output 2.3. Volunteering schemes established or strengthened at the national and regional level.

	Output performance	Indicator performance against target
2.3.1	National/regional volunteering schemes supported by UNV	41%
2.3.2	Volunteers mobilized through national/regional volunteering schemes, supported by UNV	181%[2]

25. UNV continued to support volunteer infrastructure in Member States by providing technical assistance in developing national volunteer schemes, networks of volunteers, and

[2] Volunteer infrastructure is the overarching framework under which other volunteers were mobilized in joint UNV-United Nations partner programmes/projects across youth, peace, basic social services and community resilience for environment and disaster reduction; this value therefore equals the total numbers of indicator 1.2.2.

coordinating bodies. During the entire strategic framework period, UNV partnered with Member States and regional bodies to initiate and strengthen national and regional volunteer schemes, including in Burundi, Côte d'Ivoire, Ethiopia, Gabon, India, Lesotho, Madagascar, Mali, Mauritania and Sri Lanka , as well as the African Union Youth Volunteer Corps and the Economic Community of West African States (ECOWAS). Due to its comparative advantage in this field, UNV will continue leveraging its technical expertise and focusing its programmatic work on national capacity development through volunteer schemes (volunteer infrastructure) in the new Strategic Framework, 2018-2021.

26. In India, UNV partnered with UNDP and the Government to strengthen one of the largest youth volunteering schemes in the world, the Nehru Yuva Kendra Sangathan and National Service Scheme. UN Volunteers engaged youth volunteers through 3,273 new youth clubs, mobilizing more than 176,259 young people for volunteering activities. UNV conducted skills development training programmes that benefited 1,288 men and 8,195 women across the 29 project districts of India. In Côte d'Ivoire, together with UNDP, UNV supported the Government in drafting a law on volunteerism and conditions of service for national volunteers.

27. UNV further strengthened its long-standing partnership with the African Union Youth Volunteer Corps and with the ECOWAS Volunteer Programme in West Africa. Early results show a significant increase in the passing rate of students taught by ECOWAS volunteer teachers in Guinea (a 93 per cent passing rate, as compared to the 23 per cent national average). UNV supported research in Cambodia and is partnering with the Government in a joint programme on youth employability.

C. Institutional effectiveness: UNV is a more effective and efficient organization, with improved systems and business practices and processes, well-managed resources, and engaged personnel.

28. UNV implemented its institutional effectiveness results through 'result statements' detailed in the integrated results and resources matrix, 2014-2017 (within which indicator baselines and targets were established; see annex 3).

Accountability – results-based management, evaluation and audit

29. UNV made significant efforts to strengthen and institutionalize results-based management across all levels of the organization, which has increased its organizational efficiency. A comprehensive results-based management framework was developed in 2016-2017 in which modules were drafted, including results-oriented volunteer reporting. UNV programme and project management, joined-up planning, monitoring and reporting on organizational priorities and results.

30. The implementation rate of the UNV evaluation management responses improved from a baseline of 38 per cent to 47 per cent in 2017. Corporate evaluations undertaken during 2016-2017 included UNV gender equality and women's empowerment for organizational and programmatic effectiveness, as well as the comprehensive evaluation of the UNV Strategic Framework, 2014-2017 (both key inputs for this report).

31. UNV was audited by the UNDP Office of Audit and Investigations in 2017. The audit aimed to assess the adequacy and effectiveness of the governance, risk management and control processes pertaining to the following areas and sub-areas:

(a) Governance (leadership, institutional direction, oversight and assurance, external relationships and partnerships);

(b) Programme (quality assurance process, programme/project implementation, and knowledge management); and

(c) Operations (financial resource management, information and communication technology, general administrative management, procurement, human resources management, and staff and premises security).

32. The assessment found that the governance arrangements, risk management practices and controls were well established and functioning, but needed further improvement. Issues identified by the audit will not, however, significantly affect the achievement of the strategic objectives of UNV. All audit recommendations will be implemented in 2018.

Financial performance and sustainability[3]

33. The total financial value of UNV activities amounted to $202.8 million in 2016 and $195 million in 2017, totalling $397.8 million for the biennium. The main factor contributing to the decline in the total financial value of UNV activities was a reduction in UN Volunteer numbers (see chapter II, section A, above).

34. During the biennium the regular resources contributed to UNV by Member States through UNDP declined significantly. In 2016-2017 the amount received was $17.2 million, a 25 per cent decline compared to $22.8 million, in 2014-2015, and a 58 per cent decline from the peak of $40.6 million, in the 2008-2009 biennium. To provide predictability and transparency, UNDP introduced a clear budget line allocation for UNV in the UNDP integrated resources plan and integrated budget estimates, 2018-2021 (DP/2017/39), amounting to $10.6 million per year. This was confirmed by the Executive Board in its decision 2017/31, which "[w]elcome[d] the budget allocations to [... the] United Nations Volunteers programme and the ongoing contribution to [UNV] from the UNDP core budget, particularly in view of [the] importance [of UNV] for least developed countries, and call[ed] on UNDP to continue to provide contributions to [UNV], and to report to the Board if UNDP funding allocations to [UNV] change over the lifetime of this integrated budget".

35. The UNV Special Voluntary Fund contributions received in 2016-2017 amounted to $7.7 million, a 3 per cent drop compared to $7.9 million in the 2014-2015 biennium, despite the efforts undertaken. The Fund remains critical for the implementation of the Strategic Framework, and for continued innovation in integrating volunteers and volunteering with United Nations partners. In 2016-2017, the Fund was used for seed funding in programmatic engagements around the world in line with Strategic Framework priorities. In 2016-2017, UNV received contributions from the Governments of Bangladesh, China, the Czech Republic, Germany, India, Ireland, Israel, Kazakhstan, the Lao People's Democratic Republic, Sweden, Switzerland, Thailand and Turkey.

36. UNV also received resources to fund UN Volunteer assignments from the Governments of Belgium, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Norway, the Republic of Korea, Spain, Sweden and Switzerland, as well as from the Agency for Volunteer Service (Hong Kong SAR, China), Save the Children, the International Association of Students in Economics and Management, and Cisco Systems. Contributions to the full funding programme amounted to $20.8 million during the biennium.

Operational support

37. In 2017, UNV launched new volunteer management application modules, reducing processing time, improving transparency and accountability, and increasing efficiency through decentralized functions. The average recruitment time from approval of the assignment request to UN Volunteer arrival was 65 working days for international UN Volunteers and 35 working days for national UN Volunteers. The average time for UNV to deploy an international UN Volunteer following selection by a partner decreased further to 43 days, a 14 per cent improvement compared to 2014.

38. In 2017, UNV launched updated conditions of service for national UN Volunteers, following extensive consultation with United Nations partners, UN Volunteers and United Nations country teams in 2016. The code of conduct was also reinforced, underlining the obligation for UN Volunteers to uphold and promote the highest standards of ethical and

[3] Also refer to annex 2.

professional conduct and to report any breach of United Nations Rules and Regulations, including any form of discrimination and any form of sexual exploitation or abuse, to the officials responsible for taking appropriate action.

39. Gender balance across UNV personnel remained a priority; 59 per cent of personnel are women, and women's representation at the senior management level (P-5 and above) increased significantly, to 55 per cent – up from 38 per cent in 2013. This progress bears testimony to concerted efforts within UNV to recruit and empower women.

III. The strategic and organizational transformation of UNV

40. At the beginning of 2017, three key factors led to the strategic and organizational repositioning of UNV:

(a) ***The Quadrennial Comprehensive Policy Review and the 2030 Agenda for Sustainable Development.*** The Quadrennial Comprehensive Policy Review states that the United Nations and its entities must have a "mobile and flexible global workforce" that enables the Organization to be "physically aligned" with national needs;

(b) ***The UNV Strategic Framework results, and its precarious financial situation.*** Given the reduction and change in UN Volunteers deployed, as well as the decline in regular and other resources, the longer-term financial viability and sustainability of UNV was inadequate. Furthermore, its top three United Nations partners (Department of Peacekeeping Operations/Department of Political Affairs/Department of Field Support, UNDP and UNHCR) were facing potential drastic funding cuts which could translate into even further reduced UN Volunteer numbers and thus lower financial flows; and

(c) ***Inadequate alignment of UNV internal structures and dilution of its organizational focus.*** The independent evaluation of the UNV Strategic Framework, 2014-17, noted structural impediments that complicated internal communications and service delivery. Growth was negatively affected by internal business processes and structures that led to a lack of clarity as to accountabilities.

41. Accordingly, UNV embarked on two important change processes related to what it does (the new UNV Strategic Framework, 2018-2021) and how it does it (the UNV organizational transformation process). The former was presented to the Executive Board in January 2018 (DP/2018/6) and the second discussed through four Board briefings (in February, May, July and September 2017) to seek advice from Member States and present the proposed realignment to ensure the organization remains fit for purpose to deliver on its mandate (Strategic Framework, 2018-21) to support Member States and the United Nations system in responding effectively to the 2030 Agenda and the Quadrennial Comprehensive Policy Review.

42. UNV embarked on a comprehensive change management plan with seven staff-led task forces leading to the development of functional and structural recommendations. UNV ensured broad stakeholder engagement, including with Member States, as noted above, through bilateral consultations and with the Executive Board. The new structure became effective at UNV headquarters and in its regional offices (Amman, Bangkok, Dakar, Nairobi and Panama City) on 1 January 2018. Adjustments in UNV country presence will be completed by 31 December 2018.

43. Based on projections as at March 2018, there was a total staff reduction of 52 at headquarters, from 166 to 114, translating to a cost reduction of $6.9 million, or 31 per cent. For country presence, the exercise is to be completed shortly. Further major results of the transformation include:

(a) ***Stronger partnership focus.*** The UNV financial and business model is built on its being responsive to partners' needs. UNV has therefore strengthened and

institutionalized its partnership and resource mobilization strategies. UNV increased its responsiveness to partner needs through more dedicated partner functions that are accountable for building partnerships within the United Nations system and, together with efforts by regional offices and country presences, for growing volunteer mobilization with United Nations partners;

(b) ***Empowering regional and country presences.*** UNV is closer to its partners by empowering its regional and country presences through devolution of decision-making authority, more functional capacities, and a professionalized workforce (national officers replacing international UN Volunteers at the country level);

(c) ***More efficient volunteer management.*** UNV adjusted its organizational design to achieve economies of scale through simplified volunteer management systems with defined accountability lines, consistent with United Nations reforms – making it a central global service centre for more efficient volunteer management; and

(d) ***The UNV volunteer solution offering.*** UNV is diversifying and modernizing its offer of volunteer solutions to respond to global trends and changes in demand by United Nations partners. UNV reviews its pricing approach to maintain its competitiveness, incentivizing further demand and recovering costs.

IV. UNV going forward

44. Taking into account the above results and the significant transformation of UNV, as well as the strategic guidance provided by Member States (articulated in the 2030 Agenda and the Quadrennial Comprehensive Policy Review), there are three strategic highlights on the UNV horizon.

45. First, UNV will continue to sharpen its focus on **supporting national capacity development through volunteerism**. In response to the independent evaluation, UNV is refining its substantive policy and advisory support to Member States, focusing on supporting national policies, legislation and volunteer schemes at the country level that can sustainably build national capacities, skills and institutions. Capacity development functions are being strengthened in every UN Volunteer description of assignment, whether it be for midwives deployed in South Sudan with UNFPA, or lawyers deployed to assist specialized judicial units in Niger with UNODC. All UN Volunteers should increase the capacities of their counterparts and beneficiaries.

46. Second, UNV will **deliver better volunteer solutions with United Nations partners for popularizing and implementing the sustainable development goals,** with an emphasis on South-South cooperation. The new Strategic Framework focuses efforts towards United Nations partners rather than programmatic areas. There are many positive initiatives with United Nations partners to deliver new volunteer solutions for the sustainable development goals, including a new youth advocates programme with UNICEF; inclusion of volunteers with disabilities with UNDP; refugee volunteers with UNHCR; collaboration with the UNDG Action Campaign to place volunteers in United Nations country teams to help Member States and national stakeholders communicate and popularize Agenda 2030, engaging citizens in its implementation; a new memorandum of understanding with the United Nations Secretariat; and a pipeline of new agreements with United Nations specialized agencies. The latter will help UNV diversify its United Nations system partnerships and will broaden the sustainable development goals that UNV supports in implementation.

47. Third, **UNV is adapting to be better fit for purpose**. Thanks to the commitment of UNDP and UNV leadership, the UNDP-UNV relationship has been greatly strengthened, as UNV is an integral part of the UNDP country-level platform for delivery of the sustainable development goals. Furthermore, UNV appreciates the

strong oversight, guidance and dialogue with the Executive Board in 2017, which were critical to ensuring the alignment of the UNV structure to deliver its new Strategic Framework – and to guaranteeing that UNV has the necessary, predictable regular ('core') resources. There are four related organizational priorities for consideration by the Board:

(a) ***Strong operational linkage between UNV and UNDP.*** UNV will continue to rely upon the administrative, financial and legal support of UNDP to deliver its new Strategic Framework – especially at the country level, where UNV leverages the broad UNDP presence.

(b) ***Predictable regular ('core') resources are critical to the transformation of UNV.*** As outlined in chapter II, UNV has received significantly reduced core resources over the past decade. The success of its transformation is dependent upon the small core resource allocation ($10.6 million) being fully resourced.

(c) ***The Special Voluntary Fund is important to the delivery of the Strategic Framework.*** Since UNV does not receive core resources directly, the Fund, created by General Assembly resolution 2659 (XXV) to support the activities of UNV, is critical for the success of the implementation of the Strategic Framework.

(d) ***More regular engagement with the Executive Board.*** The year 2017 saw enhanced engagement with the Executive Board, with four informal consultations on its strategic and organizational transformation. UNV has reported biennially to Board since 1988, but given the value of these regular interactions, the Board may wish to consider requesting UNV to report annually on the implementation of its Strategic Framework (as it did prior to 1988).

48. UNV is one of the original common services to the United Nations system, providing highly motivated and skilled individuals with an opportunity to volunteer within the United Nations system. Volunteers and volunteerism are uniquely placed to support the sustainable development goals through community-level implementation, as well as to facilitate people's engagement and capacity development. A transformed UNV can and will deliver much more under the new Strategic Framework, 2018-2021.